

REPORT
ON STATE AIDS GRANTED TO COMPENSATE SERVICES OF GENERAL
ECONOMIC INTEREST IN ROMANIA
(SGEI) in the period 2014-2015

1. CONDITIONS FOR SGEI OPERATION AND THEIR LEGAL BASIS

1.1. The legal basis establishing the SGEI in Romania

The single legal framework for the establishment, organisation, monitoring and control of the operation of communal administration public services in counties, towns and communes is **Law No 51/8.3.2006 on public utility communal services¹**.

Law No 51/2006, as subsequently amended and supplemented, defines public utility communal services as the entirety of regulated actions and activities satisfying the demand of local communities for utility and general public interest regarding:

- water supply;
- sewerage and waste water treatment;
- collection, sewerage and discharge of rainwater;
- district heat production, transport, distribution and supply;
- sanitation of localities;
- public lighting;
- administration of the public and private assets of territorial administrative units;
- local public transport.

Public utility services are covered by public services of general interest and have the following particularities:

- a)** are of an economic and social nature;
- b)** satisfy demands and needs of public interest and utility;
- c)** have technical building functions;
- d)** are permanent and operate on an ongoing basis;
- e)** operation is likely to have monopolistic features;
- f)** entail the existence of an appropriate technical building infrastructure;
- g)** they have local coverage: on a commune, town, municipality or county level;
- h)** are established, organised and coordinated by local public administration authorities;
- i)** are organised according to economic and efficiency principles;
- j)** may be provided by licensed operators who are organised and operating under the rules of either public or private law;
- k)** are provided according to the "beneficiary pays" principle;

¹ Published in Official Gazette No 254/21.3.2006, as amended and supplemented by Government Emergency Order No 13/2008 published in Official Gazette No 145/26.2.2008 and Law No 204/2012 published in Official Gazette No 791/26.11.2012

l) the return on the operating or investment costs is achieved through regulated prices and fees or special taxes

1.2. Competencies of public authorities

Public utility services fall under the responsibility of local public administration authorities or, where applicable, inter-community development associations dealing with public utility services, which are empowered under decisions of the decision-making authorities of the member territorial administrative units. Public utility services are established, organised and managed in accordance with the legal provisions and under the decisions adopted by the decision-making authorities of territorial administrative units according to the level of urbanisation, the economic and social importance of localities, the size and degree of development thereof and with reference to the existing technical building infrastructure.

1.3. Regulatory authorities

Pursuant to Law No 51/2006, as subsequently amended and supplemented, the following are competent regulatory authorities: The National Regulatory Authority for Community Services [Autoritatea Națională de Reglementare pentru Serviciile Comunitare (A.N.R.S.C.)], the National Regulatory Authority in the Energy Sector [Autoritatea Națională de Reglementare în Domeniul Energiei (A.N.R.E.)] and the Romanian Road Authority [Autoritatea Rutieră Română (A.R.R.)].

1.4. Management and provision of public utility services

Management of public utility services is organised and operates in one of the following ways:

- a) direct management
- b) delegated management

The form of management of public utility services is established under decisions of the local administration authorities depending on the nature and condition of the service, the need to ensure the best price/quality ratio, the current interests and the outlook of administrative authorities, as well as on the size and complexity of public utility systems.

The activities pertaining to any public utility service, irrespective of the form of management selected, are carried out under rules governing that service and based on specifications drawn up and approved by the local public administration authorities in accordance with the framework regulation and the framework specifications for the particular service concerned. In the case of inter-community development associations dealing with public utility services, the regulation of the service concerned and the specifications are prepared within the association, are subject to endorsement by local public administration authorities of member territorial administrative units and are approved by the association's general meeting.

Public utility systems used for the provision of services may be:

- a) **entrusted to operators for management** and use under the lease decision - in the case of direct management;
- b) **entrusted as a concession** to (regional) operators in accordance with the law under the award decision and the service management delegation contract - in the case of delegated management.

Direct management is the method whereby local public administration authorities undertake and exercise directly all the powers and responsibilities they have in connection with the provision of public utility services, namely the administration, operation and use of the related public utility systems.

Public operators established within local public administration authorities (own structures), whereby direct management is ensured, may be:

- functional compartments, without legal personality, organised within the specialised apparatus of local public administration authorities;
- local or county public services, without legal personality, established and organised under decisions of the local public administration;
- local or county public services, with legal personality, established and organised under decisions of the local public administration

These operators perform their business operations under the lease decision for the service concerned and the related public utility system (adopted by local public administration authorities) and the license issued by the competent regulatory authority.

Delegated management is the method whereby local public administration authorities (or, where applicable, inter-community development associations) entrust one or more operators with all or part of their own powers and responsibilities regarding the provision of public utility services and grant concession of the public utility systems pertaining to the services, more specifically the right and obligation to manage and use them under a contract referred to as management delegation contract. These contracts are approved under **award decisions adopted by the local public administration authorities**.

These operators provide the public utility services by operating and managing the related technical building infrastructure under the management delegation contract and the license issued by the competent regulatory authority.

The delegation contract may be awarded **directly, under an open public tender procedure or a direct negotiated procedure**.

A contract is directly awarded to:

- regional operators established by local public administration authorities who are members of an inter-community development association² whose main business is the provision of public utility services;
- operators acting as companies established through the reorganisation of former local or county autonomous companies or of public services of local or county interest.

Government Decision No 717 of 2 July 2008³ approved the Framework Procedure for the organisation, development and award of management delegation contracts for public utility communal services, the framework selection criteria for the selection of offers of public utility communal services and the Framework Management Delegation Contract for public utility communal services.

For the period 2014-2015, the services in respect of which the compensations planned to be granted fell under Commission Decision 2012/21/EU on the implementation date of the

² Inter-community development associations-cooperation structures as legal entities under the private law established lawfully by the territorial administrative units for the joint performance of local or regional development projects or the joint provision of public services.

³ Published in Official Gazette No 546/2008

schemes/measures concerned and which were therefore exempted from notification, were the following:

- the heat supply service,
- services related to main business activities of regional airports.

2. SGEIS IN THE HEATING SECTOR

2.1. Legal basis

The public heating supply service in Romania is provided under a centralised system, by heat generation plants and combined heat and power plants (CHPs) supplying district heating to a town, district or neighbourhood.

The provision of public services involving the supply of heat used for heating and preparing hot water for consumption, as well as the production, transport, distribution and supply of heat under a centralised system is governed by **Law No 325/2006 on the public heating supply service**⁴, as subsequently amended and supplemented, and **Government Order No 36/2006 determining the local reference charges for the heat supplied to the population under centralised systems**⁵.

The public service of district heating supply is provided through the State or privately managed technical building infrastructure of the local public administration authority or of the community development association, which constitutes the district heating supply system of the locality of the inter-community development association.

The 2014-2019 state aid scheme for the aids granted to economic operators providing the service of general economic interest involving district heating production, transport, distribution and supply to the population, as approved by Order No 1121/1075/2014 of the Minister for Regional Development and Public Administration and the Deputy Minister for Budget⁶, was prepared in accordance with Government Order No 36/2006, as subsequently amended and supplemented, and with Government Emergency Order No 110/2009 for granting state aids to economic operators providing the public service of district heating production, transport and distribution to the population⁷. The scheme was developed in accordance with Commission Decision 2012/21/EU of 11 January 2012.

This scheme grants state aid by the following means:

1. financial allocations from the local budgets of territorial administrative units to fully cover the difference between the price for production, transport, distribution and supply of heating to the population and the local heating supply charges invoiced to the population pursuant to Article 3(4) of Government Order No 36/2006, approved as amended and supplemented by Law No 483/2006, as subsequently amended and supplemented;

⁴ Published in Official Gazette No 651/27 July 2006

⁵ Published in Official Gazette No 692/14.8.2006 (as approved by Law No 483/2006) and subsequently amended by the provisions of Government Emergency Order Nos. 69/2011 and 56/2012

⁶ Published in Official Gazette No 667 of 11 September 2014

⁷ Published in Official Gazette No 685/12.10.2009

2. financial allocations from the local budgets of territorial administrative units to fully cover the difference between the price for district heating production, transport, distribution and supply to the population and the local heating supply charges invoiced to the population pursuant to Article 5(2) of Government Order No 36/2006, approved as amended and supplemented by Law No 483/2006, as subsequently amended and supplemented.

The state aid referred to in paragraph 1 is granted to all the economic operators supplying heat to the population and covers the value of the difference between the price for heat production, transport, distribution and supply to the population, as determined by regulatory authorities, and the local heat charges invoiced to the population, as approved by a local council decision, in correlation with the amount of heat invoiced to the population.

The state aid referred to in paragraph 2 is granted only to economic operators subordinated to the local public administration authorities providing the service of district heat supply to the population and is intended to cover all the costs incurred with the provision of the service of general economic interest.

This state aid scheme covers the period 2014-2019. The total estimated value of the state aid to be granted under this scheme is RON 2 570 000 000.

The estimated number of beneficiaries under the scheme is a maximum of **55 economic operators**.

According to the data received, 39 undertakings benefited from state aids under the scheme between 2014 and 2015.

The values of compensation granted for the provision of the public service of district heat production, transport and distribution to the population between 2014 and 2015, as recorded per each beneficiary economic operator, are listed in Table 1 annexed to this report.

The following summary table was filled in for the service of general economic interest involving heat production, transport, distribution and supply:

<p>Please explain what kind of services from the sector concerned have been defined as services of general economic interest in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible</p>
<p>The service of general economic interest involving district heat production, transport, distribution and supply to the population.</p>
<p>Please indicate the (typical) forms of entrustment as services of general economic interest. If standardized templates for entrustments are used for a certain sector, please attach them.</p>

The service of general economic interest involving district heat production, transport, distribution and supply to the population is entrusted by direct management or delegated management.

Please note that the entrustment of the service of district heat production, transport, distribution and supply to the population was not subject to any tender procedure and because Altmark failed to comply with the requirements the state aid scheme was put into effect, as provided for by Order No 1121/2014.

Average duration of entrustment with the services (in years) and the proportions of entrustments that are longer than 10 years (in %) for each sector. Please indicate the sectors in which the SGEI were entrusted for more than 10 years and explain how justification is provided for that period.

The average duration of entrustment with the services is 13 years, but there are also undertakings with service entrusted for more than 25 years.

- Most contracts are concluded for periods between 1 and 15 years, i.e. 22 contracts (according to the information received from the state aid providers, for 55.0 % of all the analysed contracts, the justification for exceeding the 10-year period is the amortisation of the investments made by the undertakings for the provision of the SGEI);
- The contracts concluded for periods between 15 and 25 years, i.e. 10 contracts, from 2001 to 2011 (25 % of the total number);
- The contracts concluded for an indefinite period, i.e. 8 contracts, from 1990 to 2008 (20 % of the total number).

Please explain whether (typically) **exclusive or special rights** are assigned to the undertakings.

The entrustment acts do not provide expressly for the assignment of exclusive rights but if a single undertaking is entrusted with the service, it benefits de facto from an exclusive right assigned by the territorial administrative unit providing the state aid.

What aid instruments were used (direct subsidy, guarantees etc.)?

Direct subsidy to fully cover the difference between the price for heat production, transport, distribution and supply to the population and the local charges for the heat invoiced to the population or to cover the losses incurred with the provision of public services of district heat production, transport, distribution and supply to population, which are not accepted in the price/charge.

Please explain the typical **compensation mechanism** used as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used???

Reply:

Most undertakings benefiting from the state aid use a methodology based on cost allocation. As a rule, compensation is granted based on monthly returns, depending on the amount of heat supplied to the population, which is calculated as a difference between the price for heat production, transport, distribution and supply to the population and the local charge invoiced to the population. Compensation is calculated based on the half-yearly or annual financial statements submitted by undertakings to the granting public authorities.

Typical arrangements for avoiding and repaying any overcompensation.

In order to avoid overcompensation of public services of general economic interest, providers establish their own mechanisms for checking and repaying any potential overcompensation.

For example, some territorial administrative authorities granting a state aid under the scheme provided for by Order No 1121/2014 perform monthly checks on the value of operating subsidies granted to undertakings providing the service of general economic interest involving heat production, transport, distribution and supply. At the same time, if the undertakings record profit at the end of the year, the state aid provider calculates whether the recorded profit is reasonable or not. Reasonable profit is calculated by 31 May of each year for the previous year taking into account the economic indicators from the financial records as at the end of each year for each undertaking separately.

As a rule, state aid providers that are local public administration authorities do not grant the whole subsidy to cover the costs, so many of these undertakings are indebted to raw material or fuel suppliers etc.

A brief explanation of how compliance with the **transparency requirements** is achieved (please see Article 7 of the 2012 SGEI Decision) for the aids exceeding the value of EUR 15 million granted to undertakings operating their business outside the scope of the SGEI. Please also include in your answer a few relevant examples of information published in this respect (e.g. links to websites or other references), indicate whether you have a central website where you publish information for all of the aid measures concerned in your home Member State (in this case, please indicate the link to the website) or explain whether and how information is published on the level where the aid is granted (e.g. on a central, regional or local level).

We have not had such cases.

Most local public authorities acting as state aid providers published on the websites of their institutions the decisions of the local councils entrusting the public services of heat supply (e.g. <http://www.primariaarad.ro/files/hotariri/h7105.pdf>, <http://www.primariabacau.ro/subpagina/hot-r-rea-nr-228-din20-10-2014&page=5>, <http://www.primariatulcea.ro/hotararile-consiliului-local-2016> etc.)

At the same time, the Competition Council has organised and administered a website at national level, where all the state aid/de minimis schemes granted in Romania are published and which can be accessed at the following address: <http://www.ajutordestat.ro/?pag=1>

Under the state aid scheme granted in the period 2014-2019 to the economic operators providing the service of general economic interest involving district heat production, transport, distribution and supply to the population, the highest annual amount granted to compensate for the costs was 13.5 million EUR in 2015.

Total value of state aids granted (in EUR million) A+B:

2014	2015
97.08	89.36
A. Value of the state aid granted from the state budget - EUR million	
2014	2015
0	0
B. Value of the state aid granted from the local budget - EUR million	
2014	2015
97.08	89.36

Proportion of expenditure pertaining to each aid instrument used (direct subsidy, guarantees etc., if possible)

2014	2015
100 % - direct subsidy	100 % - direct subsidy

Additional quantitative information (e.g. number of beneficiaries per sector, the average value of the aid granted, the size of undertakings etc.)

2014	2015
39 undertakings Average value of the aid granted in 2014 - EUR 2.49 million	40 undertakings Average value of the aid granted in 2015 - EUR 2.29 million

Please indicate **whether there have been complaints filed by third parties** or disputes brought before national courts in connection with the measures covered by the 2012 SGEI Decision and provide a brief summary of the case and outcome.

According to the information received as a result of a survey on the providers of

compensations for the provision of services of general economic interest, no complaints have been filed by third parties.

Please report to us whether you have encountered difficulties in the application of the 2012 SGEI Decision taking into account the following aspects:

- the preparation of an entrustment act in compliance with Article 4 of the SGEI Decision;
- the indication of the compensation value pursuant to Article 5 of the SGEI Decision;
- the determination of the reasonable profit level pursuant to Article 5(5)-(8) of the SGEI Decision;
- the regular control of any potential overcompensation granted, as provided for in Article 6 of the SGEI Decision.

Please provide an accurate answer as much as possible, with relevant examples.

Local public authorities have not encountered any difficulties in the application of the 2012 SGEI Decision.

If you have any **other comments** regarding the application of the SGEI Decision in connection with other issues than the above, please submit them to us.

No other comments have been raised by the state aid providers or the undertakings entrusted with the service of district heat production, transport, distribution and supply to the population.

If no state aid has been granted for the provision of services of general economic interest under the EC Decision, please provide information on other instruments used to ensure the provision of those services, a brief description of these instruments and the sectors in which they were granted.

Not applicable.

3. REGIONAL AIRPORTS

3.1. Legal basis

Throughout 1997, most autonomous airport operators of a special nature and national interest were transferred from the authority of the Ministry of Transports **to the authority of county councils as autonomous special purpose operators of local interest** (*Government Decision No 398/1997 concerning transferring certain autonomous airport operators from the authority of the Ministry of Transports to the authority of county councils*⁸).

The transfer of powers regarding airports of regional interest by the Ministry of Transports to the local public administration authorities at county level enabled to correlate the territorial development needs with the level of modernisation and development of the air transport activity.

Subsequently, the adoption of **Government Emergency Order No 61/2011⁹ (GEO No 61/2011)** *providing for certain measures on funding autonomous special purpose airport operators of a local interest* ensured the establishment of the legal framework required by county councils to entrust undertakings with the provision of services of general economic interest, that entrustment being subject to the requirements of Commission Decision 2005/842/EC, as also inferred from Articles 3 and 4 of the Government Emergency Order.

Government Emergency Order No 61/2011 is the means whereby the Romanian state understands to establish the form of the official act referred to in the Decision, which is materialised in **the County Council Decision**. This legislative act extends the possibilities of funding certain expenses of regional airports, namely the investment expenditure incurred with the aircraft movement areas and related equipment, allowing these airports to access external grants available for this sector. Likewise, clauses were introduced to ensure compliance by local authorities, under whose authority regional airport administrations operate, with the European rules on state aid when allocating funds from the local budgets to finance the operation of those airports.

Government Emergency Order No 61/2011 was amended by Government Emergency Order No 107/2013 (GEO No 107/2013) so as to ensure also the possibility of funding airports of local interest from the state budget through the budget of the Ministry of Transports, having regard to the need to ensure the legal framework that enables to supplement the funding sources for the investment objectives pertaining to the public domain administered by the airport autonomous operators of local interest, taking into account their importance in the development of the regions served.

At the same time, the amendments stated the obligation to comply with Commission Decision 2012/21/EU of 20 December 2011 when granting the state aid to a regional airport.

⁸ Published in Official Gazette No 186/1997

⁹ Published in Official Gazette No 460/2011

3.2. Operation of the airport business

Government Emergency Order No 61/2011, as amended by Government Emergency Order No 107/2013, provides county councils with the possibility to entrust autonomous special purpose airport operators of local interest with a service of general economic interest subject to compliance with the specific requirements of Commission Decision 2012/21/EU of 20 December 2011.

The responsibility for ensuring that a service of general economic interest to be entrusted to an autonomous special purpose airport operator of local interest is compatible with the European relevant law falls within the remit of the county council under whose authority that operator operates its business.

The county council decision entrusting the service of general economic interest must include the following elements:

- a) the identification details of the autonomous special purpose airport operator of local interest, including the territory concerned;
- b) the content and duration of public service obligations;
- c) the nature of the exclusive or special rights assigned by the competent authority;
- d) a description of the compensation mechanism and the parameters applied for the calculation, control and review of the compensation;
- e) the means to avoid and recover any overcompensation;
- f) a reference to Commission Decision 2012/21/EU of 20 December 2011.

Considering that the Commission Decision contains, in addition to the express clauses on the activities that may be covered by a SGEL, the methods to calculate the compensation granted in view of discharging the public service obligation, the content of the above-mentioned legislative act states that the calculation method for the compensation granted to ensure that the autonomous operator discharges its public service obligation is consistent with Commission Decision 2012/21/EU.

Article 8 of the same legislative act states that the activities pertaining to the service of general economic interest may not include business activities not directly related to the basic airport activities, which include building on, funding, using and leasing the land and its buildings or parts thereof, not only for offices and storage, but also for hotels and economic operators established on the airport premises, as well as for shops, restaurants or parking lots.

For the period when an autonomous special purpose airport operator of local interest benefits from compensation for discharging its public service obligations, the airport charges applied by the airport are to be subject to approval by the county council under whose authority the autonomous operator operates its business and are applicable transparently and without discrimination to all the users of the airport infrastructure.

Autonomous special purpose airport operators of local interest entrusted with a service of general economic interest, which benefit from the compensation in order to discharge their public service obligations, **keep separate accounts** for the activities related to the service of general economic interest where the autonomous operators concerned also carry out business activities not related to the entrusted service.

Compensations granted by county councils to airport autonomous operators to provide the service of general economic interest in the analysed period, together with the information on the operation of the service, are listed in Summary Table No 2 and in the annexes

pertaining to each airport, as attached to this report. The number of passengers from the airports listed in the annex does not exceed the annual number of 200 000 passengers/airport.

At the end of 2015 and throughout 2016, the local public authorities providing state aids *notified the European Commission* in connection with other two support schemes provided to the beneficiaries *"Transilvania" Autonomous Airport Operator (Regia autonomă Aeroportul "Transilvania") in Târgu Mureș (SA.44015-2015/N) and "George Enescu" International Autonomous Airport Operator (Regia Autonomă Aeroportul Internațional "George Enescu") in Bacău (SA.41362), whose number of passengers has exceeded the value of 200 000.* These state aids are currently subject to review by the Community authorities.

4. POSTAL SERVICES

“Poșta Română” SA National Company was entrusted by the public authorities with the following public services on a national level:

- postal services included in the scope of the universal service;
- services for distribution of pension rights and other social security rights.

Compensations granted for the allocation of pension rights and other social security rights were prenotified to the European commission and are currently subject to review by the Community authorities.

The detailed information on the public services entrusted to CN Poșta Română SA are set out in the annex.

Annex

Delta Dunării Airport, Tulcea

A. Please specify (circle your answer) the category of public service of county interest to which Decision 2012/21/EU applies in the territorial division under your coordination:

1. Hospitals (Art. 2(1)(b) of the Decision)
2. Social services (Art. 2(1)(c) of the Decision):
 - a) Health and long-term care;
 - b) Childcare;
 - c) Access to and reintegration into the labour market;
 - d) Care and social inclusion of vulnerable groups.
3. Air or maritime links to islands with average annual traffic not exceeding the limit set in Art. 2(1)(d) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 300 000 passengers)
4. Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 200 000 passengers for airports, and 300 000 passengers for ports);
5. SGEI compensation not exceeding an annual amount of **EUR 15 million** (Art. 2(1)(a) of the Decision)
 - a) Postal services;
 - b) Energy, including heating;
 - c) Waste collection;
 - d) Water supply;
 - e) Culture;
 - f) Financial services.

For each of the categories you have selected in the list above, please provide the following data and information:

A clear, exhaustive description of how those services are organised in your county
Please provide an explanation of the types of service that have been defined as SGEI in your county. Indicate the content of the services entrusted as SGEI.

Reply: Under Decision No 103 of 29 July 2011, as supplemented by Decision No 44 of 28 March 2014, the SGEI was entrusted to Delta Dunării Airport of Tulcea in respect of the following:

- a) constructing the airport infrastructure and equipment, runways, terminals, aprons, the control tower, or facilities that directly support these, fire-fighting facilities, security or safety equipment;
- b) operating the infrastructure and equipment and the facilities that directly support these, including maintaining, repairing, upgrading or administering the airport infrastructure;
- c) providing ancillary airport services for air transport.

Please provide an explanation of the typical **forms of SGEI entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them to your reply.

Reply: The SGEI was entrusted to Delta Dunării Airport of Tulcea under Decisions of Tulcea County Council (Decision No 103 of 29 July 2011 and Decision No 44 of 28 March 2014 amending Decision No 103 of 29 July 2011), pursuant to Explanatory Memorandums Nos II/7438 of 22 July 2011 and I/2968 of 18 March 2014.

Please indicate the **average duration of the entrustment (in years)** and the share of entrustments granted for longer than 10 years (in %) per sector. Please specify in which sectors SGEI were entrusted for more than 10 years and explain how that period is justified.

Reply: The average entrustment period runs until 1 January of the year following that in which traffic at Delta Dunării Airport of Tulcea exceeds the 200 000 passengers threshold, but no later than 31 December 2024.

Please indicate whether any **exclusive or special rights** were assigned to the undertakings concerned.

Reply:

Which **aid instruments** were used (direct subsidies, guarantees, etc.)?

Reply:

What compensation mechanism was used in the SGEI entrustment? Please indicate whether a methodology based on cost allocation or the net avoided cost methodology was used.	
Reply:	
Please specify any arrangements for avoiding and repaying any overcompensation .	
Reply: <i>N/A</i>	
Please state whether the transparency requirements were complied with. Indicate whether the intention to entrust the SGEI was notified at local level and whether the entrustment act was published on the institution's webpage (please provide the relevant link). Include any other information you may consider relevant.	
Reply: <i>Yes, the transparency requirements were complied with. Decision No 103 of 29 November 2011 of Tulcea County Council, as amended by Decision No 44 of 28 March 2014</i> <i>www.cjtulcea.ro</i>	
Total amount of aid (compensation) granted (EUR million) A+B:	
2014	2015
1.0429	12.6381
A. Total amount of aid paid from the national budget (EUR million)	
2014	2015
-	10.2164
B. Total amount of aid paid from the local budget (EUR million)	
2014	2015
1.0429	2.4217
Share of expenditure per aid instrument (if available, where aid was granted in multiple forms)	
2014	2015
83.09 %	76.17 %
Additional information (e.g. number of beneficiaries per sector, average amount of aid, size of the undertakings)	
2014	2015

Please provide an **overview of complaints by third parties**, in particular litigation before national courts, regarding measures within the scope of the 2012 SGEI Decision. Please provide a brief description of the cases and their outcome.

Reply: *No.*

Please indicate whether you have experienced any difficulties in applying the 2012 SGEI Framework in terms of:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision.

Please be as specific as possible and include relevant examples in your reply.

Reply: *We have not encountered any difficulties in applying the SGEI Decision.*

If you have any **other comments** on the application of the SGEI Decision on issues other than the ones covered in the previous questions please feel free to add them.

Reply:

If no State aid has been granted for the provision of services of general economic interest under the Commission Decision, please indicate any other instruments that have been used to ensure that those services are provided, and give a brief description of those instruments, indicating the sectors in which they have been granted.

Reply:

Annex

ORADEA AIRPORT

B. Please specify (circle your answer) the category of public service of county interest to which Decision 2012/21/EU applies in the territorial division under your coordination:

6. **Hospitals** (Art. 2(1)(b) of the Decision)
7. **Social services** (Art. 2(1)(c) of the Decision):
 - e) Health and long-term care;
 - f) Childcare;
 - g) Access to and reintegration into the labour market;
 - h) Care and social inclusion of vulnerable groups.
8. **Air or maritime links** to islands with average annual traffic not exceeding the limit set in Art. 2(1)(d) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 300 000 passengers)
9. **X Airports and ports** with average annual traffic not exceeding the limit set in Art. 2(1)(e) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 200 000 passengers for airports, and 300 000 passengers for ports);
10. **SGEI compensation** not exceeding an annual amount of **EUR 15 million** (Art. 2(1)(a) of the Decision)
 - g) **Postal services;**
 - h) **Energy, including heating;**
 - i) **Waste collection;**
 - j) **Water supply;**
 - k) **Culture;**
 - l) **Financial services.**

For each of the categories you have selected in the list above, please provide the following data and information:

<p>A clear, exhaustive description of how those services are organised in your county</p> <p>Please provide an explanation of the types of service that have been defined as SGEI in your county. Indicate the content of the services entrusted as SGEI.</p> <p>Reply: Under Bihor County Council Decision No 172 of 29 July 2011, a SGEI was entrusted to the Airport consisting of the following:</p> <ul style="list-style-type: none"> (a) constructing and upgrading the airport infrastructure: runways, taxiways, aprons, terminals, control tower; (b) purchasing and upgrading equipment and systems that directly support the airport infrastructure: lighting equipment and systems, and firefighting, security and safety equipment; (c) administering, maintaining and repairing the aircraft movement areas (runway, taxiways, aprons), terminals, control tower and related equipment, and administering and maintaining the land on the airport's premises; (d) organising, equipping and operating passenger flows in the airport terminals; (e) allowing the use, in accordance with the law, of the necessary areas and facilities by public authorities performing specific control activities at the airport (Border Police, Customs Office, Romanian Intelligence Service - Passenger and Baggage Security Screening, Air Transport Police); (f) allowing the use of the airport free of charge by government flights, military flights organised by the Ministry of Defence, the Ministry of Internal Affairs and the Romanian Intelligence Service, flights made in case of emergencies and for humanitarian purposes, and in other legally regulated circumstances; (g) allowing the use of specific equipment (lighting equipment and systems) required for ground servicing provided to government aircraft, military aircraft of the Ministry of Defence, the Ministry of Home Affairs and the Romanian Intelligence Service, aircraft flying in case of emergencies and for humanitarian purposes, and in other legally regulated circumstances; (h) guarding and protecting the airport infrastructure and other property on the airport's premises; (i) providing ancillary airport services for air transport, except ground handling services; (j) providing firefighting, emergency and safety services;
<p>Please provide an explanation of the typical forms of SGEI entrustment. If standardized templates for entrustments are used for a certain sector, please attach them to your reply.</p>
<p>Reply: The SGEI was entrusted to Oradea Airport under Bihor County Council Decision No 172 of 29 July 2011.</p>
<p>Please indicate the average duration of the entrustment (in years) and the share of entrustments granted for longer than 10 years (in %) per sector. Please specify in which sectors SGEI were entrusted for more than 10 years and explain how that period is justified.</p>
<p>Reply: The public service obligation applies until 1 January of the year following that in which traffic at Oradea Airport exceeds the 500 000 passengers threshold. Once that threshold has been exceeded, the public service obligation entrusted to Oradea Airport will be reviewed by the county council.</p>

Please indicate whether any exclusive or special rights were assigned to the undertakings concerned.
Reply: Bihor County Council Decision No 172 of 29 July 2011, Oradea Airport was granted the exclusive right to provide the SGEI for the activities listed in Article 2 of that Decision.
Which aid instruments were used (direct subsidies, guarantees, etc.)?
Reply: Oradea Airport is entitled to public service compensation. The amount of compensation may not exceed what is necessary to cover the costs incurred in order to discharge the public service obligation.
What compensation mechanism was used in the SGEI entrustment? Please indicate whether a methodology based on cost allocation or the net avoided cost methodology was used.
<p>Reply: The costs taken into account to determine the amount of compensation include all fixed and variable costs, including current and capital expenditure, incurred in order to carry out the activities related to the service of general economic interest, and the share corresponding to such costs in the airport's common indirect costs and overheads.</p> <p>Investment costs are taken into consideration if they are strictly related to carrying out the activities covered by the service of general economic interest.</p> <p>The revenues to be taken into account to determine the amount of compensation include all revenues from activities covered by the SGEI and any profits from activities carried out by the Airport other than those relating to the SGEI.</p> <p>Please specify any arrangements for avoiding and repaying any overcompensation.</p>
Reply: With a view to determining the amount of compensation, in drawing up the Airport's revenue and expenditure budget, revenues from activities covered by the SGEI are set out separately, with the related costs. To avoid any overcompensation, the amount of compensation will not exceed the difference between those costs and revenues. The Airport keeps separate accounting records for activities relating to the SGEI and activities unrelated to it. Overcompensation is repaid by reimbursing undue amounts to Bihor County Council's budget.
Please state whether the transparency requirements were complied with. Indicate whether the intention to entrust the SGEI was notified at local level and whether the entrustment act was published on the institution's webpage (please provide the relevant link). Include any other information you may consider relevant.
Reply: -

Total amount of aid (compensation) granted (EUR million) A+B:	
2014	2015
C. Total amount of aid paid from the national budget (EUR million)	
2014	2015
D. Total amount of aid paid from the local budget (EUR million)	
2014	2015
0.762515	0.989062
Share of expenditure per aid instrument (if available, where aid was granted in multiple forms)	
2014	2015
-	-
Additional information (e.g. number of beneficiaries per sector, average amount of aid, size of the undertakings)	
2014	2015
Please provide an overview of complaints by third parties , in particular litigation before national courts, regarding measures within the scope of the 2012 SGEI Decision. Please provide a brief description of the cases and their outcome.	
Reply:	
<p>Please indicate whether you have experienced any difficulties in applying the 2012 SGEI Framework in terms of:</p> <ul style="list-style-type: none"> - drawing up an entrustment act that complies with Article 4 of the SGEI Decision; - specifying the amount of compensation in line with Article 5 of the SGEI Decision; - determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision; - regularly checking overcompensation as required by Article 6 of the SGEI Decision. <p>Please be as specific as possible and include relevant examples in your reply.</p> <p>Reply: The SGEI entrustment decision has not been amended since the Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain</p>	

undertakings entrusted with the operation of services of general economic interest, which was being drafted, came into force.

If you have any **other comments** on the application of the SGEI Decision on issues other than the ones covered in the previous questions please feel free to add them.

Reply:

If no State aid has been granted for the provision of services of general economic interest under the Commission Decision, please indicate any other instruments that have been used to ensure that those services are provided, and give a brief description of those instruments, indicating the sectors in which they have been granted.

Reply:

Director-General

Accounting Officer

Annex

Aeroportul Ștefan cel Mare Suceava (Suceava Airport)

C. Please specify (circle your answer) the category of public service of county interest to which Decision 2012/21/EU applies in the territorial division under your coordination:

11. Hospitals (Art. 2(1)(b) of the Decision)

12. **Social services** (Art. 2(1)(c) of the Decision):

- i) Health and long-term care;
- j) Childcare;
- k) Access to and reintegration into the labour market;
- l) Care and social inclusion of vulnerable groups.

13. Air or maritime links to islands with average annual traffic not exceeding the limit set in Art. 2(1)(d) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 300 000 passengers)

14. Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 200 000 passengers for airports, and 300 000 passengers for ports);

15. **SGEI compensation** not exceeding an annual amount of **EUR 15 million** (Art. 2(1)(a) of the Decision)

- m) **Postal services;**
- n) **Energy, including heating;**
- o) **Waste collection;**
- p) **Water supply;**
- q) **Culture;**
- r) **Financial services.**

For each of the categories you have selected in the list above, please provide the following data and information:

A clear, exhaustive description of how those services are organised in your county
Please provide an explanation of the types of service that have been defined as SGEI in your county. Indicate the content of the services entrusted as SGEI.
Reply: The following activities carried out by Suceava Airport are services of general economic interest: <ul style="list-style-type: none">- administration, routine maintenance, repair and modernisation of the aircraft movement areas (runway, taxiways, aprons) administered by the airport, and of the terminals, control tower and related equipment;- organising, equipping and operating passenger flows in the airport terminals;- allowing the use, in accordance with the law, of areas and facilities necessary to public authorities carrying out specific control activities on the airport- processing flights made by aircraft exempt under the law from payment of airport

<p>charges, including their passengers;</p> <ul style="list-style-type: none"> - purchase and maintenance of specific equipment required for ground servicing provided to government aircraft; - protection of the airport infrastructure;
<p>Please provide an explanation of the typical forms of SGEI entrustment. If standardized templates for entrustments are used for a certain sector, please attach them to your reply.</p>
<p>Reply:</p> <p>The SGEI was entrusted under Suceava County Council Decision No 95 of 19 July 2011, as amended by Suceava County Council Decision No 10 of 28 January 2016.</p>
<p>Please indicate the average duration of the entrustment (in years) and the share of entrustments granted for longer than 10 years (in %) per sector. Please specify in which sectors SGEI were entrusted for more than 10 years and explain how that period is justified.</p>
<p>Reply:</p> <p>The public service obligation applies until 1 January of the year following that in which annual average traffic on Suceava Airport over the two previous financial years exceeds 200 000 passengers or until 30 June 2021, whichever is the earlier.</p>
<p>Please indicate whether any exclusive or special rights were assigned to the undertakings concerned.</p>
<p>Reply:</p> <p>No</p>
<p>Which aid instruments were used (direct subsidies, guarantees, etc.)?</p>
<p>Reply:</p> <p>Suceava Airport is entitled to receive public service compensation under Suceava County Council Decisions No 95 of 19 July 2011 and No 10 of 28 January 2016.</p>
<p>What compensation mechanism was used in the SGEI entrustment? Please indicate whether a methodology based on cost allocation or the net avoided cost methodology was used.</p>
<p>Reply: To avoid overcompensation, the amount of compensation will not exceed the difference between the calculated costs and revenues.</p>
<p>Please specify any arrangements for avoiding and repaying any overcompensation.</p>
<p>Reply:</p> <ul style="list-style-type: none"> - The costs and revenues related to activities covered by the SGEI and those related to other activities and services are shown separately in the airport's accounting records. - Amounts of overcompensation not exceeding 10 % of the average annual amount of compensation may be carried over to the following period and may be deducted from the amount of compensation due for that period.

- Amounts of overcompensation exceeding 10 % of the average annual amount must be repaid, and, if necessary, the parameters for calculating the amount of compensation will be updated.

Please state whether the **transparency requirements** were complied with. Indicate whether the intention to entrust the SGEI was notified at local level and whether the entrustment act was published on the institution's webpage (please provide the relevant link). Include any other information you may consider relevant.

Reply:

Suceava County Council website: www.cjsuceava.ro

Total amount of aid (compensation) granted (EUR million) A+B:

2014	2015
1.325	1.635

E. Total amount of aid paid from the national budget (EUR million)

2014	2015
-	-

F. Total amount of aid paid from the local budget (EUR million)

2014	2015
1.325	1.635

Share of expenditure per aid instrument (if available, where aid was granted in multiple forms)

2014	2015
-	-

Additional information (e.g. number of beneficiaries per sector, average amount of aid, size of the undertakings)

2014	2015
-	-

Please provide an **overview of complaints by third parties**, in particular litigation before national courts, regarding measures within the scope of the 2012 SGEI Decision. Please provide a brief description of the cases and their outcome.

Reply: N/A

Please indicate whether you have experienced any difficulties in applying the 2012 SGEI Framework in terms of:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;

- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision.

Please be as specific as possible and include relevant examples in your reply.

Reply:

N/A

If you have any **other comments** on the application of the SGEI Decision on issues other than the ones covered in the previous questions please feel free to add them.

Reply: No

If no State aid has been granted for the provision of services of general economic interest under the Commission Decision, please indicate any other instruments that have been used to ensure that those services are provided, and give a brief description of those instruments, indicating the sectors in which they have been granted.

Reply: N/A

Annex

- A. Please specify (circle your answer) the category of public service of county interest to which Decision 2012/21/EU applies in the territorial division under your coordination:
1. **Hospitals** (Art. 2(1)(b) of the Decision)
 2. **Social services** (Art. 2(1)(c) of the Decision):
 - a) Health and long-term care;
 - b) Childcare;
 - c) Access to and reintegration into the labour market;
 - d) Care and social inclusion of vulnerable groups.
 3. **Air or maritime links to islands** with average annual traffic not exceeding the limit set in Art. 2(1)(d) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 300 000 passengers)
 4. **Airports and ports** with average annual traffic not exceeding the limit set in Art. 2(1)(e) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 200 000 passengers for airports, and 300 000 passengers for ports);
 5. **SGEI compensation** not exceeding an annual amount of **EUR 15 million** (Art. 2(1)(a) of the Decision)
 - a) Postal services;
 - b) Energy, including heating;
 - c) Waste collection;
 - d) Water supply;
 - e) Culture;
 - f) Financial services.

Annex to Letter No 6705 of 17 May 2016 of Arad County Council

- A. Please specify (circle your answer) the category of public service of county interest to which Decision 2012/21/EU applies in the territorial division under your coordination:**

Reply:

1. Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 200 000 passengers for airports, and 300 000 passengers for ports);

Please provide an explanation of the types of service that have been defined as SGEI in your county. Indicate the **content of the services entrusted** as SGEI.

Reply:

1. Under Arad County Council Decision No 2014/2011, No 14 of 31 January 2014, as amended by Decision No 233 of 31 October 2014, Arad Airport was entrusted with the provision of a SGEI consisting of the following:

- (a) constructing the airport infrastructure and equipment (runway, terminals, aprons, control tower), or the facilities that directly support them, fire-fighting facilities, security or safety equipment;
- (b) operating the infrastructure and equipment and the facilities that directly support these, including maintaining, repairing, upgrading or administering the airport infrastructure;
- (c) providing ancillary airport services for air transport;
- (d) managing and operating passenger flows in the airport terminals;
- (e) ground-handling services provided to state-owned aircraft, including the procurement of related equipment;
- (f) protection of airport infrastructure;
- (g) search and rescue operations on the airport's premises;
- (h) guarding and security functions in case of emergency, and fire prevention and control;
- (i) providing the necessary areas, car parks, facilities and infrastructure required by the customs administration, border police, air transport police, the Ministry of Internal Affairs and the Romanian Intelligence Service for performing their specific activities;
- (j) allowing the use of the airport free of charge by government flights, military flights organised by the Ministry of National Defence, the Ministry of Internal Affairs and the Romanian Intelligence Service, as well as flights made in case of emergencies and under other legally regulated circumstances.

Please provide an explanation of the typical **forms of SGEI entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them to your reply.

Reply:

Direct entrustment to SC Aeroportul Arad SA ('Arad Airport')

Please indicate the **average duration of the entrustment (in years)** and the share of entrustments granted for longer than 10 years (in %) per sector. Please specify in which sectors SGEI were entrusted for more than 10 years and explain how that period is justified.

Reply:

The public service obligation applies until 1 January of the year following that in which Arad Airport exceeds the 200 000 passenger threshold during the two financial years preceding that in which the SGEI was assigned and no later than 31 December 2016 (2007-2016).

Under Arad County Council Decision No 233 of 31 January 2014, the SGEI entrustment period was extended until 31 December 2019 pursuant to Article 2 of Commission Decision 2012/21/EU of 20 December 2011, which provides that 'Where the period of entrustment exceeds 10 years, this Decision only applies to the extent that a significant investment is required from the service provider that needs to be amortised over a longer period in accordance with generally accepted accounting principles'.

This is the case for Arad Airport, which implemented an investment project to convert the cargo terminal to a passenger terminal in the amount of RON 8 140 920 using supplier credit secured by Arad County Council, with the promissory notes reaching their maturity date in 2016-2018.

Please indicate whether any **exclusive or special rights** were assigned to the undertakings concerned.

Reply: No

Which **aid instruments** were used (direct subsidies, guarantees, etc.)?

Reply:

The State aid was granted both as direct operating subsidies and in the form of collateral for the passenger terminal project.

What **compensation mechanism** was used in the SGEI entrustment? Please indicate whether a methodology based on cost allocation or the net avoided cost methodology was used.

Reply:

The compensation mechanism used in the SGEI entrustment is based on cost allocation.

The amount of the compensation may not exceed what is necessary to cover the costs incurred in discharging the public service obligations, including a reasonable profit within the meaning of the Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest.

The compensation includes all amounts of public funding received by Arad Airport in accordance with the law, including funding from the local budget and, in the case of investments, funding received under the Sectoral Operational Programme for Transport and/or other EU financing programmes.

The costs taken into account to determine the amount of compensation include all fixed and variable costs, including current and capital expenditure, incurred in order to carry out the activities related to the service of general economic interest, and the share corresponding to such costs in the airport's common costs. Investment costs are taken into consideration if they are strictly related to carrying out the activities covered by the service of general economic interest.

The revenues to be taken into account to determine the amount of compensation include all revenues from activities covered by the SGEI and any profits from activities of the Airport other than those relating to the SGEI.

The amount of public service compensation is determined annually and is adjusted at the end of each financial year to avoid overcompensation. The compensation is granted based on an explanatory memorandum setting out the expenses required to discharge the public service obligation properly. Records of the amounts paid out as compensation must be kept for at least 10 years following the date of the last payment.

Over the duration of the public service compensation, the costs and revenues related to activities covered by the SGEI and those related to other activities and services are shown separately in the airport's accounting records, together with the parameters for allocating them.

Please specify any **arrangements for avoiding and repaying any overcompensation**.

Reply:

Every year when drawing up the draft local budget, and, where necessary, every month when applying for the compensation, Arad Airport must provide justification for the amount of compensation applied for and draw up an explanatory memorandum for the subsidies/amounts

to be received from the local budget.

Based on Arad Airport's annual financial statements, the County Council's Directorate for Economic Affairs, Public Institutions and Businesses carries out checks to ensure that the airport has not received compensation in excess of the amount determined and that it is discharging its public service obligation properly.

Based on the findings, the County Council's Directorate for Economic Affairs and Relations with the Public Institutions and Businesses may request that the airport reimburse the overcompensation or may make a reasoned recommendation that the SGEI activities be reviewed, as applicable.

Please state whether the **transparency requirements** were complied with. Indicate whether the intention to entrust the SGEI was notified at local level and whether the entrustment act was published on the institution's webpage (please provide the relevant link). Include any other information you may consider relevant.

Reply: -

Total amount of aid (compensation) granted (EUR million) A+B:

2014

A. Total amount of aid paid from the national budget (EUR million) - N/A

2014

B. Total amount of aid paid from the local budget (EUR million)

2014

2015

Compensation	RON 2 600 000 lei = EUR 0.58 million	RON 1 700 000 lei = EUR 0.376 million
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Exchange rate	4.4821	4.6345
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Securities	-	-
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Share of expenditure per aid instrument (if available, where aid was granted in multiple forms)

2014

<p>Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures within the scope of the 2012 SGEI Decision. Please provide a brief description of the cases and their outcome.</p>	
<p>Reply: No</p>	
<p>Please indicate whether you have experienced any difficulties in applying the 2012 SGEI Framework in terms of:</p> <ul style="list-style-type: none"> - drawing up an entrustment act that complies with Article 4 of the SGEI Decision; - NO - specifying the amount of compensation in line with Article 5 of the SGEI Decision; - NO - determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision; - NO - regularly checking overcompensation as required by Article 6 of the SGEI Decision. <p>Please be as specific as possible and include relevant examples in your reply.</p>	
<p>Reply: No</p>	
<p>If you have any other comments on the application of the SGEI Decision on issues other than the ones covered in the previous questions please feel free to add them.</p> <p>Reply: No</p>	
<p>If no State aid has been granted for the provision of services of general economic interest under the Commission Decision, please indicate any other instruments that have been used to ensure that those services are provided, and give a brief description of those instruments, indicating the sectors in which they have been granted.</p>	
<p>Reply: N/A</p>	
Director-General	Economic Director

ANNEX

PROVIDER	MARAMUREȘ COUNTY COUNCIL
NAME OF ECONOMIC OPERATOR	AEROPORTUL INTERNAȚIONAL BAIA MARE (BAIA MARE AIRPORT)
Tax Reference No	RO 2944544 J24/554/1992
Address	Tăuții Măgherauș, St. 66, No 22
NACE Code	5223 – Service activities incidental to land transportation

SIEG category - Airports

Clear and comprehensive description of how the service concerned is organised in the Member State	
Please provide an explanation of the types of service that have been defined as SGEI in your county. Indicate the content of the services entrusted as SGEI.	The following activities carried out by Baia Mare Airport are services of general economic interest: a) construction, administration, routine maintenance, repair and modernisation of the aircraft movement areas (runway, taxiways, aprons) administered by the Airport and of the related equipment; b) organising, equipping and operating passenger flows in the airport terminals; c) allowing the use, in accordance with the law, of areas and facilities necessary to public authorities carrying out specific control services on the airport; d) ground-handling services for aircraft; e) search and rescue operations on the airport's premises; f) guarding and security functions in case of emergency, and fire prevention and control; g) processing flights made by aircraft exempt under the law from payment of airport charges, including their passengers; h) purchase and maintenance of specific equipment required for ground servicing provided to aircraft; i) protection of the airport's infrastructure;
Please provide an explanation of the typical forms of SGEI entrustment . If standardized templates for entrustments are used for a certain sector, please attach them to your reply.	The SGEI was entrusted to Baia Mare Airport under Maramureș County Council Decision No 11 of 29 January 2014, pursuant to Government Emergency Order No 11/2011 regulating certain measures concerning the financing of special airports of local importance.
Please indicate the (typical) duration of the entrustment and the minimum and maximum duration of entrustment. Please also indicate the percentage of entrustments granted for longer than 10 years.	The public service obligation applies for eight years. If the conditions for applying Commission Decision No 2012/21/EU of 20 December 2011 cease to be fulfilled while the [entrustment] decision is in force, the aid must be notified pursuant to Article 108(3) of the Treaty on the Functioning of the European Union.
Please indicate whether any exclusive or special rights were assigned to the undertakings concerned.	N/A
Which aid instruments were used (direct subsidies, guarantees, etc.)?	Direct subsidy

What compensation mechanism was used in the SGEI entrustment? Please indicate whether a methodology based on cost allocation or the net avoided cost methodology was used.	The compensation includes all amounts of public funding received by Baia Mare Airport in accordance with the law, including funding from the local budget and, in the case of investments, funding received under the Sectoral Operational Programme for Transport and/or other EU financing programmes. The costs taken into account to determine the amount of compensation include all fixed and variable costs, including current and capital expenditure, incurred in order to carry out the activities related to the service of general economic interest, and the share corresponding to such costs in the airport's common costs. Investment costs are taken into consideration if they are strictly related to carrying out the activities related to the service of general economic interest. The revenues to be taken into account to determine the amount of compensation include all revenues from activities covered by the SGEI and any profits from activities of the Airport other than those relating to the SGEI.
Please specify the (typical) arrangements for avoiding and repaying any overcompensation.	Every year when drawing up the draft local budget, Baia Mare Airport must provide explanatory information for the amount of compensation applied for, and must draw up an explanatory memorandum for the compensation to be received from the local budget. Based on the annual financial statements of Baia Mare Airport, the county council: (a) carries out checks to ensure that the airport has not received compensation in excess of the amount determined (...); (b) checks to ensure that the airport is discharging its public service obligation properly; Based on the findings, the county council may request that the airport reimburse the overcompensation or may make a reasoned recommendation that the SGEI activities be reviewed, as applicable.
Please state whether the transparency requirements were complied with. Indicate whether the intention to entrust the SGEI was notified at local level and whether the entrustment act was published on the institution's webpage (please provide the relevant link). Include any other information you may consider relevant.	The act entrusting a SGEI of local relevance was published on the website of the chief authorising officer, Maramureş County Council http://www.cjmaramures.ro/legislativ/hotarari/hotararea-nr-11-din-29-01-2014

Total amount of aid (compensation) granted (EUR million) A+B:	
2014	2015
A. Total amount of aid paid from the national budget (EUR million)	

B. Total amount of aid paid from the local budget (EUR million)	
2014	2015
~ EUR 1 million (RON 4 219 000)	~ EUR 2 million (RON 8 920 168)
Share of expenditure per aid instrument (if available, where aid was granted in multiple forms)	
2014	2015
Additional information (e.g. number of beneficiaries per sector, average amount of aid, size of the undertakings)	
2014	2015
Please provide an overview of complaints by third parties , in particular litigation before national courts, regarding measures within the scope of the 2012 SGEI Decision. Please provide a brief description of the cases and their outcome.	
Reply: There have been no complaints.	
Please indicate whether you have experienced any difficulties in applying the 2012 SGEI Framework in terms of: - drawing up an entrustment act that complies with Article 4 of the SGEI Decision; - specifying the amount of compensation in line with Article 5 of the SGEI Decision; - determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision; - regularly checking overcompensation as required by Article 6 of the SGEI Decision. Please be as specific as possible and include relevant examples in your reply.	
Reply: N/A	
If you have any other comments on the application of the SGEI Decision on issues other than the ones covered in the previous questions please feel free to add them.	
Reply: N/A	
If no State aid has been granted for the provision of services of general economic interest under the Commission Decision, please indicate any other instruments that have been used to ensure that those services are provided, and give a brief description of those instruments, indicating the sectors in which they have been granted.	
Reply: N/A	

Director-General

Annex

A. Please specify (circle your answer) the category of public service to which Decision 2012/21/EU applies:

Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 200 000 passengers for airports, and 300 000 passengers for ports);

For each of the categories you have selected in the list above, please provide the following data and information:

A clear, exhaustive description of how those services are organised within your ministry
Please provide an explanation of the types of service that have been defined as SGEI by your ministry. Indicate the content of the services entrusted as SGEI.
<p>Reply:</p> <p>1. Under Order No 569/2011 of the Minister for Transport, a SGEI was entrusted to Mihail Kogălniceanu International Airport of Constanța (Constanța Airport) consisting of the following:</p> <ul style="list-style-type: none"> (a) administration, routine maintenance, repair and modernisation of the aircraft movement areas (runway, taxiways, aprons) administered by Constanța Airport, and of the terminals, control towers and of related equipment; (b) organising, equipping and operating passenger flows in the airport terminals; (c) allowing the use, in accordance with the law, of areas and facilities necessary to public authorities carrying out specific control activities on the airport; (d) processing flights made by aircraft legally exempt from payment of airport charges, including their passengers; (e) providing specific equipment required for ground servicing provided to government aircraft; (f) protection of the airport infrastructure.
Please provide an explanation of the typical forms of SGEI entrustment . If standardized templates for entrustments are used for a certain sector, please attach them to your reply.
<p>Reply:</p> <p>The forms of SGEI entrustment are as follows:</p> <ul style="list-style-type: none"> - Order No 569/2011 of the Minister for Transport (attached)
Please indicate the average duration of the entrustment (in years) and the share of entrustments granted for longer than 10 years (in %) per sector. Please specify in which sectors SGEI were entrusted for more than 10 years and explain how that period is justified.
<p>Reply:</p> <p>Under Order No 569/2011 of the Minister for Transport, the public service obligation applies until 1 January of the year following that in which traffic at Constanța Airport exceeds the 500 000 passengers threshold, but no later than 31 December 2016.</p>

Please indicate whether any exclusive or special rights were assigned to the undertakings concerned.	
Reply: No.	
Which aid instruments were used (direct subsidies, guarantees, etc.)?	
Reply: Subsidy granted to Constanța Airport.	
What compensation mechanism was used in the SGEI entrustment? Please indicate whether a methodology based on cost allocation or the net avoided cost methodology was used.	
Reply: <p>The costs taken into account to determine the amount of subsidy include all fixed and variable costs, including current and capital expenditure, incurred in order to carry out the activities related to the service of general economic interest, and the share corresponding to such costs in the airport's common costs.</p> <p>Investment costs are taken into consideration if they are strictly related to carrying out the activities related to the service of general economic interest.</p>	
Please specify any arrangements for avoiding and repaying any overcompensation .	
Reply: <p>The amount of the subsidy may not exceed what is necessary to cover the costs incurred in order to discharge the public service obligations.</p>	
Please state whether the transparency requirements were complied with. Indicate whether the intention to entrust the SGEI was notified at local level and whether the entrustment act was published on the institution's webpage (please provide the relevant link). Include any other information you may consider relevant.	
Reply: <p>Yes, the transparency requirements were complied with.</p>	
Total amount of aid (compensation) granted (EUR million) A+B:	
2014	2015
A. Total amount of aid paid from the national budget (EUR million)	
2014	2015
Constanța Airport - 2.79	Constanța Airport - 3.98
B. Total amount of aid paid from the local budget (EUR million)	

2014	2015
Share of expenditure per aid instrument (if available, where aid was granted in multiple forms)	
2014	2015
Additional information (e.g. number of beneficiaries per sector, average amount of aid, size of the undertakings)	
2014	2015
Please provide an overview of complaints by third parties , in particular litigation before national courts, regarding measures within the scope of the 2012 SGEI Decision. Please provide a brief description of the cases and their outcome.	
Reply: N/A	
<p>Please indicate whether you have experienced any difficulties in applying the 2012 SGEI Framework in terms of:</p> <ul style="list-style-type: none"> - drawing up an entrustment act that complies with Article 4 of the SGEI Decision; - specifying the amount of compensation in line with Article 5 of the SGEI Decision; - determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision; - regularly checking overcompensation as required by Article 6 of the SGEI Decision. <p>Please be as specific as possible and include relevant examples in your reply.</p>	
Reply: No.	
<p>If you have any other comments on the application of the SGEI Decision on issues other than the ones covered in the previous questions please feel free to add them.</p>	
Reply: No.	
<p>If no State aid has been granted for the provision of services of general economic interest under the Commission Decision, please indicate any other instruments that have been used to ensure that those services are provided, and give a brief description of those instruments, indicating the sectors in which they have been granted.</p>	
Reply: N/A.	

Annex

Dolj County Council

A. Please specify (circle your answer) the category of public service to which Decision 2012/21/EU applies in the territorial division under your coordination:

1. Hospitals (Art. 2(1)(b) of the Decision)
2. **Social services** (Art. 2(1)(c) of the Decision):
 - a) Health and long-term care;
 - b) Childcare;
 - c) Access to and reintegration into the labour market;
 - d) Care and social inclusion of vulnerable groups.
3. Air or maritime links to islands with average annual traffic not exceeding the limit set in Art. 2(1)(d) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 300 000 passengers);
4. **Airports and ports** with average annual traffic not exceeding the limit set in Art. 2(1)(e) of the Decision (average annual traffic during the two financial years preceding that in which the SGEI was assigned does not exceed 200 000 passengers for airports, and 300 000 passengers for ports);
5. **SGEI compensation** not exceeding an annual amount of **EUR 15 million** (Art. 2(1)(a) of the Decision)
 - a) Postal services;
 - b) Energy, including heating;
 - c) Waste collection;
 - d) Water supply;
 - e) Culture;
 - f) Financial services.

For each of the categories you have selected in the list above, please provide the following data and information:

A clear, exhaustive description of how those services are organised in your county
Please provide an explanation of the types of service that have been defined as SGEI in your locality. Indicate the content of the services entrusted as SGEI.
<p>Reply: Under Article 2 of the Annex to Dolj County Council Decision No 56/2014,</p> <p>the SGEI covers the following:</p> <ol style="list-style-type: none"> 1. constructing and upgrading the airport infrastructure: runways, taxiways, aprons, terminals, control tower; 2. purchasing and upgrading equipment and systems that directly support the airport infrastructure: <ul style="list-style-type: none"> - lighting equipment and systems; - firefighting, security and safety equipment and systems; 3. administering, maintaining and repairing the aircraft movement areas (runway, taxiways, aprons), terminals, control tower and related equipment, and administering and maintaining the land on the airport's premises; 4. organising, equipping and operating passenger flows in the airport terminals; 5. allowing the use, in accordance with the law, of areas and facilities necessary to public authorities carrying out specific passenger and baggage control, safety and security services on the airport: border police, customs, Romanian Intelligence Service, air transport police; 6. allowing the use of the airport free of charge by government flights, military flights organised by the Ministry of Defence, the Ministry of Internal Affairs and the Romanian Intelligence Service, flights made in case of emergencies and for humanitarian purposes, and in other legally regulated circumstances; 7. allowing the use of specific equipment (lighting equipment and systems, protective equipment for operational staff) required for ground servicing provided to government aircraft, military aircraft of the Ministry of Defence, the Ministry of Home Affairs and the Romanian Intelligence Service, aircraft flying in case of emergencies and for humanitarian purposes, and in other legally regulated circumstances; 8. guarding and protecting the airport infrastructure and other property on the airport's premises, including compulsory third-party liability insurance for the airport; 9. providing ancillary airport services for air transport, ground servicing for aircraft (including de-icing, anti-icing, aircraft cleaning, water supply, toilet discharge operations); 10. providing firefighting, emergency, safety and security services; providing medical services at the airport's own medical centre; 11. search and rescue operations on the airport's premises.
Please provide an explanation of the typical forms of SGEI entrustment . If standardized templates for entrustments are used for a certain sector, please attach them to your reply.
Reply: Direct entrustment under Dolj County Council Decision No 253/2011.
Please indicate the average duration of the entrustment (in years) and the share of

entrustments granted for longer than 10 years (in %) per sector. Please specify in which sectors SGEI were entrusted for more than 10 years and explain how that period is justified.	
Reply: Under Article 4(2) of Dolj County Council Decision No 253/2011, the SGEI applies for five years, until 31 December 2016.	
Please indicate whether any exclusive or special rights were assigned to the undertakings concerned.	
Reply: Under Dolj County Council Decision No 253/2011, Craiova Airport has exclusive rights for the duration of the SGEI entrustment (Annex 1, Article 3)	
Which aid instruments were used (direct subsidies, guarantees, etc.)?	
Reply: Direct subsidy for running costs and capital expenditure.	
What compensation mechanism was used in the SGEI entrustment? Please indicate whether a methodology based on cost allocation or the net avoided cost methodology was used.	
Reply: The compensation is paid based on monthly SGEI-related grant applications. The amount is adjusted every year based on Article 5(9) of Commission Decision 2012/21/EU.	
Please specify any arrangements for avoiding and repaying any overcompensation .	
<p>Reply: Under Article 7(3) of Dolj County Decision No 56/2014, if the amount of compensation paid out is found to have exceeded the amount determined based on the parameters for calculating the compensation, the undue amount must be repaid and the parameters must be updated for future payments.</p> <p>The amount of overcompensation must be repaid within 90 days of the end of the financial year in question.</p> <p>Where the amount of overcompensation does not exceed 10 % of the amount of the average annual compensation, such overcompensation may be carried forward to the next period and deducted from the amount of compensation payable in respect of that period.</p>	
Please state whether the transparency requirements were complied with. Indicate whether the intention to entrust the SGEI was notified at local level and whether the entrustment act was published on the institution's webpage (please provide the relevant link). Include any other information you may consider relevant.	
Reply: The transparency requirements were complied with. Dolj County Council Decision No 56/2014 was published on the institution's website.	
Total amount of aid (compensation) granted (EUR million) A+B:	
2014	2015
1.539	3.979
A. Total amount of aid paid from the national budget (EUR million)	

2014	2015
B. Total amount of aid paid from the local budget (EUR million)	
2014	2015
1.539	3.979
Share of expenditure per aid instrument (if available, where aid was granted in multiple forms)	
2014	2015
100 %	100 %
Additional information (e.g. number of beneficiaries per sector, average amount of aid, size of the undertakings)	
2014	2015
<p>Reply:</p> <ul style="list-style-type: none"> - Number of beneficiaries per airport sector: 1 - Average amount of aid granted in the period from 2014 to 2015: EUR 2.759 million - Autonomous state-owned company. 	
<p>Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures within the scope of the 2012 SGEI Decision. Please provide a brief description of the cases and their outcome.</p>	
<p>Reply:</p> <p>N/A</p>	
<p>Please indicate whether you have experienced any difficulties in applying the 2012 SGEI Framework in terms of:</p> <ul style="list-style-type: none"> - drawing up an entrustment act that complies with Article 4 of the SGEI Decision; - specifying the amount of compensation in line with Article 5 of the SGEI Decision; - determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision; - regularly checking overcompensation as required by Article 6 of the SGEI Decision. <p>Please be as specific as possible and include relevant examples in your reply.</p>	
<p>Reply:</p> <p>N/A</p>	
<p>If you have any other comments on the application of the SGEI Decision on issues other than the ones covered in the previous questions please feel free to add them.</p>	
<p>Reply:</p>	

N/A
If no State aid has been granted for the provision of services of general economic interest under the Commission Decision, please indicate any other instruments that have been used to ensure that those services are provided, and give a brief description of those instruments, indicating the sectors in which they have been granted.
Reply: N/A

President



ROMANIA
IAȘI COUNTY
IAȘI COUNTY COUNCIL



Bulevardul Ștefan cel Marc și Sfânt, nr. 69, code 700075, Iași

Tel. +40 232235100; Fax +40 232210336; www.ice.ro



No 14513/27.5.2016

No of originals:

Original No _

To the attention of:

COMPETITION COUNCIL IN BUCHAREST

Bucharest, Piața Presei Libere nr. 1, Sector 1, post code 013701

In response to your Letter No 6965/5.5.2016, registered with the County Council of Iasi under No 14513/10.5.2016, we are sending you enclosed *The Report on the application of and compliance with the Decision provisions* in the case of services of general economic interest entrusted by Iași County - Iași County Council to Iasi Airport Autonomous Operator (RA Aeroportul Iași) and SC Apavital SA Iași.

PRESIDENT,

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Executive Director

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Head of Service

Illegible signature

Prepared by,

Illegible signature

Document drawn up by the Economic Directorate

Service of Special Funds, Summary and Debt Recovery



ROMANIA
IAȘI COUNTY
IAȘI COUNTY COUNCIL



Bulevardul Ștefan cel Marc și Sfânt, nr. 69, code 700075, Iași

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Annex

A. Please indicate (or circle) the category of public services of county interest falling under Decision 2012/21/EU within the administrative territorial unit you are coordinating:

- 1. Hospitals** [pursuant to Article 2(1)(b) of the Decision]
- 2. Social services** [pursuant to Article 2(1)(c) of the Decision]:
 - a) health and long term care;
 - b) childcare;
 - c) access to and reintegration into the labour market;
 - d) care and social inclusion of vulnerable groups.
- 3. Air or maritime links to islands** with the average annual traffic below the limits set under Article 2(1)(d) of the Decision (the average annual traffic during the 2 financial years preceding that in which the SGEI was assigned does not exceed 300 000 passengers);
- 4. Airports and ports** with the average annual traffic below the limit set under Article 2(1)(e) of the Decision (the average annual traffic during the 2 financial years preceding that in which the SGEI was assigned does not exceed 200 000 passengers in the case of airports and 300 000 passengers in the case of ports);
- 5. Compensation** for the SGEI not exceeding the annual threshold of EUR 15 million [pursuant to Article 2(1)(a) of the Decision]
 - a) **postal services;**
 - b) **energy, including heat;**
 - c) **waste collection;**
 - d) **water supply;**
 - e) **culture;**
 - f) **financial services.**

For each category selected by you from the above list, please provide data and information in the form of the following table:

Clear and comprehensive description of how these services are organized within your county
Please explain what kind of services from the county coordinated by you have been defined as services of general economic interest. Please list the contents of the services entrusted as SGEI
<p>Reply:</p> <p>The service of general economic interest was entrusted to Iasi Airport Autonomous Operator by <i>Decision No 209/27.7.2011 of Iasi County Council entrusting the SGEI to RA Aeroportul Iași</i>, approved pursuant to <i>Government Emergency Order No 61/29.6.2011 regulating certain measures on funding autonomous airport operators providing specific services of a local interest</i> subject to compliance with the specific requirements of <i>Commission Decision 2005/842/EC of 28 November 2008 on the application of Article 86(2) of the EC Treaty to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest</i>.</p> <p>The activities included in the service of general economic interest pursuant to <i>Decision No 209/2011 of Iași County Council, as supplemented by Decision No 334/8.10.2013 of Iasi County Council</i>:</p> <ul style="list-style-type: none"> - building the airport infrastructure and related equipment: runways, terminals, platforms, control tower or their directly supporting installations: firefighting equipment, security or safety equipment; - operating the infrastructure, the equipment and their directly supporting installations, comprising maintenance, repairs, refurbishment and administration of the airport infrastructure; - organising, equipping and operating passenger flow arrangements at the airport terminals. Ground handling services are not included; - providing ground support for state aircraft exempted from the payment of airport charges under the law, including their passengers, and providing the specific equipment required for the ground support provided to these aircraft; - ensuring the protection of the airport infrastructure; - carrying out search-rescue activities within the airport perimeter; - guard services and provision of facilities for emergency situations and fire prevention and fighting; - providing the spaces and utilities required for the public authorities carrying out

<p>specific control activities within the airport [customs, border police, air transport police, Ministry of Internal Affairs (MAI), the Romanian Intelligence Service (SRI) etc.]</p> <p>Iasi Airport Autonomous Operator will ensure the performance of the above-mentioned activities 24 hours a day to the security and safety standards applicable under the legal rules.</p> <p>The ground handling service and the renting and parking activities are not included in the service of general economic interest. Decision No 171/19.7.2012 of Iasi County Council approved the outsourcing of the handling service from Iasi Airport Autonomous Operator in accordance with the relevant legal rules.</p>
<p>Please state the forms of entrustment of the services of general economic interest. If standardized templates for entrustments are used for a certain sector, please attach them to your reply.</p>
<p>Reply:</p> <p>The service of general economic interest was entrusted directly to Iasi Airport Autonomous Operator by Decision No 209/2011 of the County Council. This decision provides for the content and duration of the obligations imposed in relation to the provision of the service of general economic interest, the nature of exclusive rights, the compensation calculation, control and revision parameters, the means to avoid overcompensation and the methods for repaying any potential overcompensation.</p> <p>Pursuant to the above-mentioned decision, Iasi County - Iasi County Council and Iasi Airport Autonomous Operator concluded Contract No 76/6.10.2011 (in the form approved by Decision No 236/31.8.2011) concerning compliance by Iasi Airport Autonomous Operator with the obligation to provide the service of general economic interest.</p> <p>Iasi Airport Autonomous Operator was transferred from the authority of the Ministry of Transports to the authority of Iasi County Council under Decision No 398/1997.</p>
<p>Please indicate the average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) for each sector. Please indicate the sectors in which the SGEI were entrusted for more than 10 years and explain how justification is provided for that period.</p>
<p>Reply:</p> <p>The obligation to provide the service of general economic interest was established until the 1st of January of the year following that in which Iasi Airport Autonomous Operator records</p>

average annual traffic exceeding one million passengers over the two financial years preceding that in which the service of general economic interest was assigned [*sic*], but up to no later than 31 December 2015. After 31 December 2015, the obligation to provide the service of general economic interest entrusted to Iasi Airport Autonomous Operator is to be revised.

As from 2016, Iasi Airport Autonomous Operator at its own request no longer fulfils the obligation to provide the service of general economic interest.

Please explain whether **special or exclusive rights** are assigned to the undertakings covered by the analysis.

Reply:

The activities included in the service of general economic interest are carried out exclusively by Iasi Airport Autonomous Operator.

In **what form** were state aids granted - compensations (direct subsidy, guarantees etc.)?

Reply:

Compensation was granted by Iasi County - Iasi County Council to Iasi Airport Autonomous Operator in the form of subsidies for the operating section and subsidies for the development section.

Please explain the **compensation mechanism** used in the entrustment of SGEIs; was a methodology based on cost allocation or the net avoided cost methodology used?

Reply:

The compensation granted to Iasi Airport Autonomous Operator by Iasi County - Iasi County Council did not exceed the amount required to cover the net costs borne by the autonomous operator in order to provide the service.

According to the entrustment acts, the amount of allocations in the form of compensation granted for the discharge of the public service obligation will not exceed the amount required to cover in full the costs incurred with the provision of the service, deducting from this amount the revenues accrued from the activities pertaining to the service of general economic interest and the potential revenues accrued from the other activities carried out by Iasi Airport Autonomous Operator, other than those pertaining to the service of general economic interest.

The expenditure taken into account when determining compensation includes all the current expenditure, as well as management and capital expenditure incurred with the activities related to the service of general economic interest. The investment expenditure will be taken into account if required for the operation of the service of general economic interest.

The revenues to be taken into account when determining compensation will include all the revenues accrued from the activities related to the service of general economic interest and any potential revenues accrued from the other activities carried out by Iasi Airport Autonomous Operator, other than those related to the service of general economic interest.

The amount of compensation granted for discharging the obligation to provide the service of general economic interest is decided annually under a decision of Iasi County Council approving the budget of revenues and expenditure of Iasi Airport Autonomous Operator.

Please indicate the arrangements taken for avoiding and repaying any overcompensation and for reimbursing any potential overcompensation.

Reply:

Iasi County - Iasi County Council performed half-yearly checks (inspections at the headquarters of the autonomous operator) in order to check compliance with the provisions of Decisions Nos. 209/2011 and 334/2013 of Iasi County Council and Contract No 76/06/10/2011, as from the date when the service of general economic interest was entrusted to Iasi Airport Autonomous Operator until 31 December 2014.

Iasi Airport Autonomous Operator had the obligation to submit a quarterly Report on compliance with the provisions of the Contract entrusting the service of general economic interest.

Please indicate whether the **transparency requirements** were complied with, whether the entrustment of the service of public interest was notified in advance on a local level, whether the entrustment act was published on the web page of the institution (please indicate the link

to this website), and other information you may find relevant.

Reply:

Decisions Nos. 209/27.7.2011, 236/31.8.2011 and 334/8.10.2013 of Iasi County Council are published on the website of the public authority of county interest: www.ice.ro Decisions (Decizii) and Meetings (Ședințe) sections. Likewise, all the decisions of Iasi County Council approving the budgets of revenues and expenditure of Iasi Airport Autonomous Operator for the service of general economic interest and for the economic activity and the financial statements concluded at the end of each financial year are published on the above-mentioned website. These decisions may provide knowledge of the amount of compensation allocated by Iasi County - Iasi County Council for the operating and development sections, may indicate the investment objectives of Iasi Airport Autonomous Operator and the value of the overcompensation transferred to the account of the county public authority.

Value of the state aid (compensation) granted (in EUR million) A+B:

2014	2015
EUR 13.73 million	EUR 4.44 million

A. Value of the state aid granted from the state budget - EUR million

2014	2015
EUR 2.96 million	EUR 0.75 million
RON 13 142 910.85: RON 4.4446/EUR = EUR 2 957 051.44 *	RON 3 315 834.57: RON 4.4450/EUR - EUR 745 969.53*
<i>*The amounts represent the state budget contribution under the grant project entitled "Development and Refurbishment of Iasi International Airport - extract from the financial statement, for the partial achievement of the objective Refurbishment of Module 1 - Intermediate Stage - 2 400 m Runway, additional extension to the aircraft parking platform and passenger terminal"</i>	<i>*The amounts represent the state budget contribution under the grant project entitled "Development and Refurbishment of Iasi International Airport - extract from the financial statement, for the partial achievement of the objective Refurbishment of Module 1 - Intermediate Stage - 2 400 m Runway, additional extension to the aircraft parking platform and passenger terminal"</i>

B. Value of the state aid granted from the local budget - EUR million

2014	2015
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EUR 10.77 million	EUR 3.69 million
RON 47 855 889.47: RON 4.4446/EUR - EUR 10 767 198.8*	RON 16 413 247.69: RON 4.4450/EUR = EUR 3 692 519.17*
BNR annual average exchange rate for 2014 - RON 4.4446/EUR	BNR annual average exchange rate for 2015 = RON 4.4450/EUR
<i>*The value of the state aid is lower because Iasi County provided the financial resources required for the optimum implementation of the grant project, provided that the value of the subsequent settlement of expenditure will be reimbursed from the structural instruments and Iasi Airport Autonomous Operator undertook to return the amounts received from Iasi County Council as they were reimbursed by the Managing Authority for the Sector Operational Programme on Transport.</i>	<i>*The value of the state aid is lower because Iasi County provided the financial resources required for the optimum implementation of the grant project, provided that the value of the subsequent settlement of expenditure will be reimbursed from the structural instruments and Iasi Airport Autonomous Operator undertook to return the amounts received from Iasi County Council as they were reimbursed by the Managing Authority for the Sector Operational Programme on Transport.</i>
Proportion of expenditure pertaining to each aid instrument used (if possible, where the state aid was granted in several forms)	
2014	2015
Other additional information (e.g. number of beneficiaries per sector, the average value of the aid granted, the size of undertakings etc.)	
2014	2015
Please indicate whether there have been complaints filed by third parties or disputes brought before national courts in connection with the measures covered by the 2012 SGEI Decision and provide a brief summary of the case and outcome.	
Reply:	
There have been neither complaints filed by third parties, nor disputes brought before	

national courts as regards the measures covered by the SGEI Decision.

Please report to us whether you have encountered any difficulties in the application of the 2012 SGEI Decision taking into account the following aspects:

- the preparation of an entrustment act in compliance with Article 4 of the SGEI Decision;
- the indication of the compensation value pursuant to Article 5 of the SGEI Decision;
- the determination of the reasonable profit level pursuant to Article 5(5)-(8) of the SGEI Decision;
- the regular control of any potential overcompensation granted, as provided for in Article 6 of the SGEI Decision.

Please provide an accurate answer as much as possible, with relevant examples.

Reply:

The Commission Decision provides that, in order to determine the compensation level, the undertaking to be operating the service of general economic interest is to be compared with a typical undertaking that is well-managed and adequately equipped or the difference is determined between the net cost borne by the undertaking in order to discharge the public service obligation and the net cost or profit of the same undertaking operating without the objective of discharging the public service obligation.

Such comparisons are difficult to make because the public authority does not hold the necessary information on the activity of undertakings not operating under the authority of Iasi County - Iasi County Council and those that are in such position do not have the same objects.

The same issue occurs in the calculation of the reasonable profit because, according to provisions, the Member State shall be able to provide upon request evidence that "the profit does not exceed what would be required by a typical undertaking considering whether or not to provide the service, for instance by providing references to returns achieved on similar types of contracts awarded under competitive conditions".

If you have any **other comments** regarding the application of the SGEI Decision in connection with other issues than the above, please submit them to us.

Reply: -

If no state aid has been granted for the provision of services of general economic interest under the EC Decision, please provide us with information on other instruments used to ensure the provision of those services, a brief description of these instruments and the

sectors in which they were granted.
Reply: -

PRESIDENT,

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Economic Directorate

Executive Director

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Legal Directorate

Executive Director

Illegible signature

Head of Service

Illegible signature

Prepared by,

Illegible signature

Replies provided by the Economic Directorate

Service of Special Funds, Summary and Debt Recovery

For each of the categories you have selected in the list above, please provide the following data and information:

A clear, exhaustive description of how those services are organised in your county	
Please provide an explanation of the types of service that have been defined as SGEI in your county. Indicate the content of the services entrusted as SGEI.	
<p>Reply:</p> <p>The services entrusted consist of the following:</p> <ul style="list-style-type: none"> a) administration, routine maintenance, repair and modernisation of the aircraft movement areas (runway, taxiways, aprons), terminals and control tower administered by Sibiu Airport and of the related equipment; b) organising, equipping and operating passenger flows in the airport terminals; c) purchase and maintenance of specific equipment required for ground servicing provided to government aircraft; d) providing ancillary airport services for air transport for flights made by government and other categories of aircraft legally exempt from payment of airport charges, including passengers of such aircraft; e) protection of the airport infrastructure; f) search and rescue operations on the airport's premises; g) ground handling, firefighting, emergency and safety services; h) allowing the use, in accordance with the law, of areas, car parks, facilities and equipment necessary to public authorities carrying out specific security and control services on the airport's premises; 	
Please provide an explanation of the typical forms of SGEI entrustment. If standardized templates for entrustments are used for a certain sector, please attach them to your reply.	
<p>Reply:</p> <p>The SGEI was entrusted under Sibiu County Council Decision No 133 of 25 August 2011 in conjunction with County Council Decision No 120 of 30 May 2013.</p>	
Please indicate the average duration of the entrustment (in years) and the share of entrustments granted for longer than 10 years (in %) per sector. Please specify in which sectors SGEI were entrusted for more than 10 years and explain how that period is justified.	
<p>Reply:</p> <p>Under Article 2(2) of Sibiu County Council Decision No 133 of 25 August 2011, the public service obligation applies until 1 January of the year following that in which traffic at Sibiu Airport exceeds the 1 million passengers threshold.</p>	
Please indicate whether any exclusive or special rights were assigned to the undertakings concerned.	
<p>Reply:</p> <p>No exclusive or special rights were granted.</p>	
Which aid instruments were used (direct subsidies, guarantees, etc.)?	
<p>Reply:</p> <p>The State aid was granted as compensation.</p>	
What compensation mechanism was used in the SGEI entrustment? Please indicate whether a methodology based on cost allocation or the net avoided cost methodology was used.	
<p>Reply:</p> <p>A methodology based on cost allocation was used, covering the actual costs incurred to discharge the public service obligation and taking into account the revenues earned.</p>	
Please specify any arrangements for avoiding and repaying any overcompensation.	
<p>Reply:</p> <p>To avoid overcompensation, the costs and revenues related to activities covered by the SGEI and those related to other activities and services are shown separately in the airport's accounting records.</p> <p>In drawing up the airport's revenue and expenditure budget, revenues from activities covered by the SGEI are set out separately, with the related costs.</p>	
Please state whether the transparency requirements were complied with. Indicate whether the intention to entrust the SGEI was notified at local level and whether the entrustment act was published on the institution's webpage (please provide the relevant link). Include any other information you may consider relevant.	
<p>Reply:</p> <p>The transparency requirements were complied with. The entrustment acts (Sibiu County Council decisions) were published on the website of the institution responsible for entrustment (http://www.cjsibiu.ro/hotarari/).</p>	
Total amount of aid (compensation) granted (EUR million) A+B:	
2014	2015
0.9963	0.6966

A. Total amount of aid paid from the national budget (EUR million)	
2014	2015
0	0
B. Total amount of aid paid from the local budget (EUR million)	
0.9963	0.6966
Share of expenditure per aid instrument (if available, where aid was granted in multiple forms)	
2014	2015
24.97 % (in relation to total operating costs)	17.17 % (in relation to total operating costs)
Additional information (e.g. number of beneficiaries per sector, average amount of aid, size of the undertakings)	
2014	2015
Sibiu Airport	Sibiu Airport
Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures within the scope of the 2012 SGEI Decision. Please provide a brief description of the cases and their outcome.	
<p>Reply:</p> <p>There have been no complaints by third parties/litigation before national courts, regarding measures within the scope of the 2012 SGEI Decision.</p>	
<p>Please indicate whether you have experienced any difficulties in applying the 2012 SGEI Framework in terms of:</p> <ul style="list-style-type: none"> - drawing up an entrustment act that complies with Article 4 of the SGEI Decision; - specifying the amount of compensation in line with Article 5 of the SGEI Decision; - determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision; - regularly checking overcompensation as required by Article 6 of the SGEI Decision. <p>Please be as specific as possible and include relevant examples in your reply.</p>	
<p>Reply:</p> <p>We have not encountered any difficulties in applying the SGEI Decision.</p>	
If you have any other comments on the application of the SGEI Decision on issues other than the ones covered in the previous questions please feel free to add them.	
<p>Reply:</p> <p>None.</p>	
If no State aid has been granted for the provision of services of general economic interest under the Commission Decision, please indicate any other instruments that have been used to ensure that those services are provided, and give a brief description of those instruments, indicating the sectors in which they have been granted.	
<p>Reply:</p> <p>We cannot identify other instruments to ensure the provision of the SGEI.</p>	