



# ROMÂNIA

## CONSILIUL CONCURENȚEI



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### FORMAL OPINION

**on the Synthetic Information sheet on the State aid for MIS ETC 993 Project  
“Interconnection pipeline of the gas transport systems of Romania and Republic of  
Moldova Iasi – Ungheni” and on the Government Decision no. 695/2014 regarding  
Additional Act no. 7 to the concession agreement of pipelines, facilities, equipment and  
machinery related to the National system of natural gas transport and to the operating  
activity of the National system of natural gas transport, signed between the National  
Agency for Mineral Resources and the National Gas Transport Company "Transgaz" - SA  
Medias, approved by Government Decision no. 668/2002, as well as updating the  
centralized inventory of goods in the public domain, approved by Government Decision no.  
1705/2006**

By analyzing

The Draft of the Synthetic Information sheet on the State aid for MIS ETC 993 Project  
“Interconnection pipeline of the gas transport systems of Romania and Republic of Moldova Iasi  
– Ungheni”, granted in accordance with the *Commission Regulation (EC) no. 651/17.06.2014  
declaring certain categories of aid compatible with the common market in application of Articles  
107 and 108 of the Treaty*<sup>1</sup>, attended by related documents,

Government Decision no. 695/2014 regarding Additional Act no. 7 to the concession agreement  
of pipelines, facilities, equipment and machinery related to the National system of natural gas  
transport and to the operating activity of the National system of natural gas transport, signed  
between the National Agency for Mineral Resources and the National Gas Transport Company  
"Transgaz" - SA Medias, approved by Government Decision no. 668/2002, as well as updating  
the centralized inventory of goods in the public domain, approved by Government Decision no.  
1705/2006,

Submitted by the Ministry of Regional Development and Public Administrations, by the address  
no. Ro-Ua-Md 68404/10.09.2014, registered at the Competition Council with no. RG  
10756/11.09.2014, in order to receive a formal opinion,

And

ascertaining that:

1. The investment project MIS ETC 993 will ensure the interconnection between gas transport  
systems of Romania and Republic of Moldova, improving the energy security level of Republic

<sup>1</sup> Published in the Official Journal of the European Union no. L 187/26.06.2014.



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of Moldova and of eastern region of Romania, by diversification of gas supply in these areas. The beneficiary of this project is the National Agency for Mineral Resources (hereby named NAMR), and the partner from Republic of Moldova is the Ministry of Economy.

2. Pursuant to the Project sheet the main technical details of the pipeline are:

- Length: 32.8 km on the Romanian side + 10.48 km on the Moldavian side;
- Length undercrossing of Prut: 602 m on the Romanian side + 134 m on Moldavian side;
- Gas metering station: 500 m from Prut, on the Moldavian side;
- Connection to existing networks: the Romanian side - near Lețcani, on DN400 pipe Gherăești/Iași, about 640 m from Iași/Dorohoi with NR 28 Tg. Frumos-Iași-Albița; the Moldovan side – connecting to the high pressure pipe Bălți/Ungheni, about 1800 m South from Todirești gas distribution station.

3. The major output expected from the project are:

- energy security ensured in the cross-border region Iasi-Ungheni;
- improved infrastructure in order to increase the development of the socio-economic premises of the border region;
- attractive investment and economic conditions in order to revitalize the industrial Ungheni region and Iași County.

4. By the Government Decision no. 695/2014 regarding Additional Act no. 7 to the concession agreement of pipelines, facilities, equipment and machinery related to the National system of natural gas transport and to the operating activity of the National system of natural gas transport, signed between the National Agency for Mineral Resources and the National Gas Transport Company "Transgaz" - SA Medias, the interconnection pipeline of the gas transport systems of Romania and Republic of Moldova Iasi – Ungheni was concessioned to the National Gas Transport Company "Transgaz" - SA Medias (hereby named Transgaz).

5. As a result of direct concession to Transgaz of the pipeline interconnection Iasi-Ungheni for the Romanian side, Transgaz became a state aid beneficiary, amounting 81,019,424 lei (the equivalent of EUR 18,206,612.27 at an exchange rate of 4, 45lei / 1 euro) consisting of public grants (national and European funds), used for this investment project. From the total amount of state aid, 17.8 million lei (equivalent of EUR 4,000,000 at an exchange rate of 4,45lei / 1 euro) was awarded from the European Neighborhood and Partnership Instrument (ENPI), the remaining value being co-financing by Romanian state.

6. Pursuant to the Synthetic Information sheet and to the documents submitted by the Ministry of Regional Development and Public Administration, the State aid is intended for the construction of energy infrastructure in accordance with art. 48 from *Commission Regulation (EC) no.*



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*651/17.06.2014 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty (hereby named the Regulation).*

7. According to the Regulation, the state aid is exempted from the notification to the European Commission as:

- the state aid was granted for the construction of energy infrastructure, namely for the interconnection pipeline of the gas transport systems of Romania and Republic of Moldova;
- the investment project is located in the North- West development Region, region which , pursuant to the Regional Aid Map for the period 2014 – 2020, is eligible for regional aid, under art. 107 (3) point a of the Treaty;
- the infrastructure financed with the state aid is subject to price regulation and access in accordance with Electricity and Gas Law no. 123/2012; the methodologies to rule prices and tariffs in natural gas sector was approved by the National Regulatory Authority for Energy, and the Order that approves the regulated prices and tariffs, as well as the order which approves the methodologies of ruling prices and tariffs, shall be published in the Official Gazette of Romania;
- there were financed with state aid the eligible costs, namely investment costs;
- pursuant to the Regulation, the state aid shall not exceed the difference between the eligible costs and the operating profit of the investment, the operating profit shall be deducted from the eligible costs ex ante or through a claw-back mechanism. In this case, Transgaz, as the infrastructure concessionaire, pays royalty, thus ensuring compliance with the above conditionality.

8. The Information sheet meets the form and content of the standard form enclosed in Annex III to the *Commission Regulation (EC) no. 800/2008 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty.*

### COMPETITION COUNCIL

Based on the *Competition Law no. 21/1996, republished, with the subsequent amendments and completions* and of art. 8 recital (1) of the *Government Emergency Ordinance no. 117/2006 on the national procedures in the State aid field, approved with amendments and completions by the Law no. 137/2007,*



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### ISSUES FORMAL OPINION

On the Draft of the Synthetic Information sheet on the State aid for MIS ETC 993 Project “Interconnection pipeline of the gas transport systems of Romania and Republic of Moldova Iași – Ungheni”, granted in accordance with the *Commission Regulation (EC) no. 651/17.06.2014 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty* and for the Government Decision no. 695/2014 regarding Additional Act no. 7 to the concession agreement of pipelines, facilities, equipment and machinery related to the National system of natural gas transport and to the operating activity of the National system of natural gas transport, signed between the National Agency for Mineral Resources and the National Gas Transport Company "Transgaz" - SA Mediaș, approved by Government Decision no. 668/2002, as well as updating the centralized inventory of goods in the public domain, approved by Government Decision no. 1705/2006.