

State aid in the ROP 2014-2020 to support the following thematic objectives:

- 1 - strengthening research, technological development and innovation ,**
- 4 - supporting the shift to a low-carbon economy in all sectors**
- 7 - promoting sustainable transport systems and removing bottlenecks in key network infrastructures**

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Regional Operational Program 2014 - 2020
support 9 out of 11 thematic objectives, a significant
share of the ROP resources being oriented towards
investments related to thematic objectives subject of
the workshop

Priority Axis 1 - promoting technology transfer, corresponding to TO1 , will benefit from 2.22% of the program budget, the types of projects implemented in the field of technology transfer and the "Less developed Regions" initiative consisting of investment in services and the creation of data bases, but also infrastructure.

For TO4 thematic objective is dedicated the most of the ROP's financial resources, id est 29%, through Priority Axis 3 that will support energy efficiency measures for public and residential buildings, including public lighting, leading to reduced energy consumption and greenhouse gas emissions. At the same time, the need identified at urban level to implement the necessary measures to reduce pollution by implementing urban mobility measures (PA 3 and PA 4) was taken into account.

An important share, 12.91% of ROP resources, is granted to T07, given the potential for investment in regional transport infrastructure, increasing the mobility of people and goods, increasing the adaptability of the population to the needs of the regional/local labor market.

APPLICABLE RULES TO STATE AID GRANTED FOR THE PERIOD 2014-2020

- State aid is any support measure that cumulatively fulfills the following conditions:
- ➤ is granted by the State or by the territorial administrative units from state resources or resources of the administrative-territorial units or by other bodies administering sources of the state or local authorities in any form;
- ➤ is selective;
- ➤ provide an advantage to the economic agent;
- ➤ distort or threaten to distort competition or affect trade between Member States of the European Union.

Priority Axis 1 - T01

Regional aid is granted in accordance with the provisions of the EU Regulation no. 651/2014. The regional investment aid granted under this Priority Axis is the aid granted for an *initial investment*.

Initial investment in regional state aid

Investment in tangible and intangible assets related to:

- The creation of a new technology transfer service unit or a science and technology park relevant to the fields of intelligent specialization,
- Extending the capacity of an existing unit by increasing the volume of at least one technology transfer service with relevance to the fields of intelligent specialization,
- Diversification of a unit's production through products / services that were not previously manufactured / rendered in the technology transfer facility or previously provided by the technological and scientific park. Diversification of services / production implies that new services / products are added to the range of assortments already manufactured / rendered and are relevant to intelligent domains of specialization.

Observation!

In the sense of Regulation 651/2014, the notion of "initial investment" also includes an investment type that was not considered by the granting authority – “a fundamental change in the overall production process of an existing unit”. Therefore, the aid manager (Management Authority) chose to finance only 3 out of 4 types of initial investment.

Applicable rules

- In the case of aid granted for the diversification of an existing unit, the eligible costs (eligible for regional aid) must exceed by at least 200% the book value of reused (tangible and intangible) assets as recorded in the financial year preceding the start of works;
- Initial investments that lead both to capacity expansion and to diversification of an existing unit's output will be considered as initial investments related to the diversification of a unit's output => see the rule above;

Applicable rules

- Regional aid can not be granted to a beneficiary who has relocated to the establishment in which the initial investment is to be made, during the two years preceding the submission of the grant application.

It also undertakes that it will not do so (relocation) for a period of up to two years after the completion of the initial investment for which the aid is requested. This provision applies at the "group" level (if the beneficiary is part of a group of companies, ie a group of related enterprises, according to the provisions of Romanian Law 346/2004).

Applicable rules

- Depending on the region in which the aid is granted and the category to which the applicant belongs, the maximum intensity of the regional state aid fluctuates between 35% and 70%.
- The investment should be maintained in the region where it has been implemented for at least five years or, in the case of SMEs, for at least three years after its completion. This condition shall not prevent the replacement of an installation or equipment which has become obsolete or destroyed during that period, provided that the economic activity is maintained in the area concerned for the minimum applicable period.

Applicable rules

- In the case of ROP, the date of granting the aid is the date of entry into force of the financing contract for the project proposed by the grant application, irrespective of the actual payments / reimbursements.
- The simple replacement of assets is not eligible for regional investment aid. When the replacement of assets is carried out in order to extend the capacity of an existing unit, only capacity extension related assets may be considered eligible for investment aid. When the replacement of assets is made in order to diversify the output of an existing unit, the situation is treated similarly - only assets related to the new product that are added to the existing product range can be considered eligible for the initial investment.

Applicable rules

Intangible assets must also meet the following **cumulative conditions**:

- must be used exclusively within the unit receiving the aid;
- must be depreciable;
- must be purchased under market conditions from third parties who have no links with the buyer (the beneficiary of the aid);
- must be included in the assets of the benefiting company and must remain associated with the project for which the aid was granted for a minimum of 3/5 years from the date of the final payment under the project or from the date of completion of the investments, whichever is the latest . For large enterprises, the costs of intangible assets are eligible up to a ceiling of 50% of the total eligible costs of the initial investment. Projects that include only investments in intangible assets are not eligible.

Applicable rules

- The projects refer to investments for which public procurement procedures have not been initiated prior to the submission of the grant application, except for those relating to design and technical assistance expenses.
- The applicant must submit with the application a Declaration of eligibility and a Declaration of Commitment, which will be updated in the pre-contractual phase / at the time of grant.

Case:

An undertaking which has the status of EITT (Entity of innovation and technology transfer) submitted a request for financing the construction of a building for offices and equipping them for deployment specific activity . This enterprise currently works in a space rented in the same city. As a result of the achievement investment, enterprise intends to bring in new building the existing equipment, as well as existing staff, transferring the whole activity at the new working point.

Thus, the company will give up the rented space, planning to conduct business only in the newly created space.

The applicant considered that the project contains an initial investment as it leads both to the diversification of activity by offering new services and growth capacity by increasing the volume of services offered.

At the time of the evaluation of the financing application, the question of the eligibility of such an investment was raised by means of state aid, ie whether the proposed investment represents an initial investment and not and not subject to relocation within the meaning of Regulation 651/2014.

In order to ensure that we make a correct decision on this project, we have asked the Competition Council's point of view - the competent authority to provide specialist assistance to both suppliers and state aid beneficiaries in order to ensure compliance with the relevant Community rules.

From the answer received from the Competition Council, the following conclusions can be drawn:

1. Regarding relocation, the ban imposed by Regulation 651/2014 refers to moving activity from a Member State of the European Union to another. In our case, we were not relocating as the work moved from one workstation to another in the same city. However, it is recommended to check if the original investment was funded through State aid measures involving maintaining it for a certain period (Article 14 (5) of Regulation 651/2014). This is not the case, as the activity remains in the same region and did not benefit from state aid for the initial investment.

2. The proposed investment can be considered an initial investment as it can be included in each of the three types financed, namely the creation of a new unit to provide services, expanding capacity by increasing the volume of services provided and diversify the activities by offering new services. However, only the costs directly related to the investment are considered eligible in this case initially, the costs of relocating the business and the reused assets being considered ineligible expenditure. In addition, being involved reused assets, it has to be respected bound that those eligible costs exceed the least 200% book value of the reused assets, as they were recorded in the exercise before start of works.

Priority Axis 3 - Investment Priorities 3 .1, Operation C - Public Lighting – TO4

The financing is conditioned by the administration or the delegation of the public lighting service management to the third parties operators.

In order to avoid non-observance of the state aid provisions, applicants will have to determine the way of managing the public lighting service, either by decision to give in administration in the case of direct management, or by management delegation contract, according to their legislation in force.

Documents

- Declaration of eligibility of the applicant and, if applicable, of the partners;
- Extract from the management delegation contract concluded between the territorial administrative unit and the operator to whom the management has been delegated to prove that the activities proposed to be carried out through the project have not been provided in the contract as investments undertaken by the operator for a period of at least 5 years from the time of application.
- (in the case of direct management) The decision to administer the related technical-municipal infrastructure, adopted by the local public administration authorities.

Applicable rules

If during the evaluation, selection, contracting, implementation and sustainability process, the institutions in charge of checking, auditing, controlling the implementation of ROP 2014-2020 decide that the investment does not comply with the state aid legislation, the applicant / beneficiary takes the risk regarding the declaration of the project as ineligible, and MA of ROP will terminate the financing contract and recover the amounts granted as non-reimbursable financing and the related interest according to the legislation in force.

T04 - Investment Priorities 3.2 and 4.1 - development of urban mobility

The investments targeted under these investment priorities that are subject to the State aid rules are as follows:

a). Investments in local / public passenger transport :

- ✓ Purchase of rolling stock (trams);
- ✓ Modernization of existing rolling stock (trams);
- ✓ Purchase of trolleybuses;
- ✓ Acquisition of buses;
- ✓ Creation / extension of public transport routes (tramway, trolleybus, charging stations for electrically powered buses);
- ✓ Construction / modernization / rehabilitation / extension of public transport depots / buses, including related technical infrastructure;
- ✓ Creation / extension / upgrading of integrated ticketing systems ("e-tickets" or "e-ticketing");

TO4 - Investment Priorities 3.2 and 4.1 - development of urban mobility

b). Investments other than urban public transport :

- ✓ Purchase and installation of recharge stations for hybrid electric and electric cars;
- ✓ Creating / upgrading / extending bicycle rental systems;
- ✓ Construction of park and ride parking facilities, **etc.**

TO4 - Investment Priorities 3.2 and 4.1 - development of urban mobility

- These activities listed above, which are subject to State aid, will **start** after the submission of applications.
- *"Start of work" means either the **commencement of construction works within the investment** or the **first legally binding commitment to order for equipment / means of transport or any other commitment** by which the **investment becomes irreversible** , whichever occurs first. Purchase of land and preparatory work, such as obtaining authorizations and carrying out feasibility studies, are not considered to be the start of works.*

TO4 - Investment Priorities 3.2 and 4.1 - development of urban mobility

- In the case of cities / municipalities whose public transport systems are made available to operators / authorized operators (by cities / municipalities or by entrusting IDAs aimed at public transport service area) will be presented as an annex mandatory when applying for financing or implementation phase, contract administration delegation local / public passenger transport / decision to administer the provision of the public transport service, in accordance with the provisions of Regulation (EC) no. 1370/2007.

TO4 - Investment Priorities 3.2 and 4.1 - development of urban mobility

- For investments other than those for local / regional public passenger transport systems that will be operated by third parties after completion (other than the applicant), the transmission to them of the right to operate the infrastructure / goods created / upgraded / rehabilitated / extended by the project during the sustainability of the financing contract, for the accomplishment of the activities corresponding to the objectives of the projects, is done through competitive , transparent and non-discriminatory procedure, according to the law, as well as the provisions of art. 107 of the Treaty on the Functioning of the European Union (TFEU).

TO4 - Investment Priorities 3.2 and 4.1 - development of urban mobility

- During the implementation (if applicable) and sustainability of the financing contract, if these above investments are to be operated by the applicant or the local public services / institutions under his / her control, the revenues collected on account of the use the investment (eg through tickets / tariffs, advertising, etc.) will not exceed 50% of the operating costs of the investment that is the subject of the project, in order not to violate the state aid rules.

Documents

- The eligibility statement and the commitment statement of the applicant and, if applicable, of the partners;
- Sustainable Urban Mobility Plan - condition set out in Article 16 (2) (c) of Regulation 651/2014;
- Documents regarding the compliance of the contract for the delegation of the management of the public passenger transport service / the decision to administer the public passenger transport service in compliance with Regulation (EC) No. 1370/2007: proof of publication in the Official Journal of the European Union of a notice of intent, Notice of participation, contract for delegating administration for public passenger transport, with all annexes or, in case of direct award of the service, the Competition Council Notice (Agreement).

Investment priorities corresponding to thematic objective 7 are not subject to State aid rules.

THANK YOU!