State aid: Commission opens in-depth investigation into Romanian support measures in favour of CE Oltenia

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The European Commission has opened an in-depth investigation to assess whether Romanian support measures in favour of Complexul Energetic Oltenia SA ('CE Oltenia') would be in line with EU rules on State aid to companies in difficulty.

CE Oltenia, a Romanian majority state-owned lignite-based electricity producer, has been experiencing financial difficulties.

Following a temporary rescue aid granted by Romania to the company after being approved by the Commission under EU State aid rules in February 2020, on 4 December 2020, Romania notified to the Commission a plan for the restructuring of CE Oltenia.

The restructuring plan foresees around €2 billion (RON 9.93 billion) of support to CE Oltenia, of which €1.33 billion (RON 6.48 billion) of public support by the Romanian State, in the form of grants and loans (including the €251 million rescue loan that CE Oltenia did not reimburse). The remaining amount would be covered by EU funds, more specifically, a grant by the Modernization Fund, that Romania would apply for.

EU State aid rules, more specifically the Commission's Guidelines on rescue and restructuring aid, enable Member States to support companies in difficulty, under certain strict conditions. In particular, aid may be granted for a period of up to six months ('rescue aid'). Beyond this period, the aid must either be reimbursed or Member States must notify a restructuring plan to the Commission for the aid to be approved ('restructuring aid'). The plan must ensure that the viability of the company can be restored without further State support, that the company contributes to an adequate level to the costs of its restructuring and that distortions of competition created by the aid are addressed through compensatory measures, including in particular structural measures.

At this stage, the Commission has doubts that the restructuring plan and the aid to support it satisfy the conditions of the Guidelines.

The Commission's in-depth investigation will in particular examine:

- whether the proposed restructuring plan can restore the long-term viability of CE Oltenia in a reasonable time frame without continued State aid;
- whether CE Oltenia or investors would sufficiently contribute to the restructuring costs, thus ensuring that the restructuring plan does not rely mainly on public funding and that the aid is proportionate; and
- whether appropriate measures to limit the distortions of competition created by the aid would accompany the restructuring plan.

The Commission will now investigate further to find out whether its initial concerns are confirmed. The opening of an investigation gives Romania and interested third parties the opportunity to submit comments. It does not prejudge the outcome of the investigation.

The non-confidential version of the decision will be made available under the case number SA.59974 in the State Aid Register on the Commission's competition website once any confidentiality issues have been resolved.

Press contacts:

Arianna PODESTA (+32 2 298 70 24)
Giulia ASTUTI (+32 2 295 53 44)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email