



MINISTRY OF TRANSPORT AND INFRASTRUCTURE  
RAILWAY REFORM AUTHORITY

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**Project title: CONSULTANCY FOR THE DEVELOPMENT OF THE MECHANISM FOR CALCULATING, HIGHLIGHTING AND GRANTING, FROM THE STATE BUDGET, OF PASSENGER PUBLIC SERVICE COMPENSATION**

**Beneficiary of the project: RAILWAY REFORM AUTHORITY (RRA)**

**Project implementation period** - between July 2018 and December 2019 was carried out the consultancy contract between RRA and the consortium designated for the implementation of the mechanism; the consortium consisted of: Synergetics Corporation (Romania), Panteia B.V. (Netherlands), AV Transport Planning (Romania) and also had the support of the law firm Fenechiu, Savu and Associates.

**The total approved value of the project** was 1,082,900 lei, including VAT, representing a contribution from the State Budget.

**The purpose of the project** was to develop a new mechanism for calculating, highlighting and granting from the state budget the public service compensation in rail passenger transport and methodological norms for applying this rule, as well as support for obtaining their notice and approval.

**Specific objectives of the project:**

- Identify, establish and justify of the parameter(s) on the basis of which the payment of the compensation of public services for rail passenger transport is to be calculated and granted, according to the provisions of Regulation (EC) No. 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road;
- identify, establish and justify of the indicator(s) taken into account, as well as its/their share(s) of the total value of the compensation provided from the state budget for rail passenger transport;
- develop viable proposals to improve the national regulatory framework for the allocation of compensation provided for in public service contracts with railway operators and increasing the degree of convergence with EU and other Member States' legislation;
- elaborate the mechanism for calculating, highlighting and granting from the state budget of the public service compensation in the public railway passenger transport and of the "Methodological norms regarding the calculation, highlighting and granting from the state budget of the public service compensation" and support for obtaining the notice and approval of these rules;
- technical and logistical assistance necessary for public debates;
- substantiation of the legislative changes and development of the necessary clarifications during the approval of the above mentioned Methodological Norms, as well as of the mechanism of calculating, highlighting and granting from the state budget of the public service compensation in the public rail passenger transport.

### **Project results:**

The creation of a mechanism for determining the compensation of public services for rail passenger transport, which must be carried out on the basis of criteria for sizing the public service obligation (PSO), traffic routes, categories and number of trains that make up the PSO, so that the allocations from the state budget are in accordance with EU regulations.

### **Additional information:**

On July 31<sup>st</sup> 2019, a public consultation took place, organized at the Competition Council, which was attended, alongside the RRA, by all rail passenger transport operators, the network administrator - CNCF "CFR SA", but also non-interoperable infrastructure managers and the Railway Directorate of the Ministry of Transport. At the end of the consultation, a protocol was concluded, by which the delegations of all participating parties agreed that the train-km indicator should remain the only quantitative indicator, according to Regulation 1370/2007, updated by Regulation 2016/2338, similar to other means of transport in Romania, which receive compensation (naval, subway).

On November 4<sup>th</sup> 2019, the decision of the President of RRA was issued for the adoption of the "Mechanism for calculating, highlighting and granting from the state budget the public service compensation in public passenger rail transport". It had received the favorable opinion of the Competition Council and was to enter into force on January 1<sup>st</sup> 2020. The mechanism provided for the allocation of compensation only on the basis of the quantitative indicator, train-km, the other indicator, passenger-km, becoming a qualitative indicator.

However, with the adoption of Law no. 205/2019, significant amendments were made to GEO 12/1998 on the conclusion of public service contracts for rail passenger transport and the notion of "Main Elements" of public service contracts was introduced, which must be approved by decision of the President of the RRA with the opinion of the Competition Council. Although RRA tried through numerous steps to introduce in these "Main Elements" the provisions of the mechanism for calculating the compensation, the Competition Council did not agree, the final form of the text of Decision no. 814/ 07.05.2020 of the President of the RRA being the one approved by the Council.

Also, the rail passenger transport operators requested in January 2020 the return to the granting of compensation on two indicators, train-km and passenger-km. Consequently, the public service contracts for the period 2020 - December 2021 contain both indicators.

Subsequent to the signing of these contracts, representatives of all the operators, including the publically-financed one, expressed their desire to proceed with the granting of the compensation on the basis of a single indicator, namely "train-km", according to the protocol signed in July 2019.