

**DESCRIPTION OF HOW THE DECISION ON SERVICES OF GENERAL ECONOMIC INTEREST AND CORRESPONDING FRAMEWORKS IS APPLIED AND DETAILS OF AMOUNTS GRANTED**

1) Air or sea connections to islands (Article 2(1)(d))

Clear, comprehensive description of how each service is organised in your Member State <sup>1</sup>	
Description of the type of services in each sector that are defined as services of general economic interest in your Member State. State as clearly as possible <b>what the allocated services include.</b>	<p><b>Air services</b> The provincial government maintains air services on the Mariehamn-Stockholm/Arlanda route, in accordance with a public transport service obligation.</p> <p><b>Ferry services</b> The provincial government maintains services on certain routes in the Åland archipelago. The services are operated partly by private contractors that maintain services according to the provincial government's established timetables.</p>
Description of the (typical) <b>forms of allocation.</b> Attach standardised allocation templates, if used in a particular sector.	<p><b>Air Services and Ferry Services</b></p> <p>Procurement, open procedure</p>
Description of the (typical) <b>duration</b> of the allocation and range of variations. Also state the proportion of allocations exceeding 10 years.	Four (4) years or four (4) years plus a one (1) year option. No allocation exceeds ten (10) years.

<sup>1</sup> If there are only a few such services in a particular sector in your Member State, we would like a more detailed description of them. If there are many such services in a particular sector (for example, because regional or local authorities are empowered to operate them), it is unreasonable to provide individual details of allocated services. However, it is important to provide a clear, concise general description of how the sector is organised, including common features of individually allocated services. The Commission expects a more detailed description of each specific measure because only a limited number of cases will be included in the framework.



Description of whether the undertakings are (typically) granted <b>exclusive or special rights</b> .	The Åland provincial government confines access to the Mariehamn-Stockholm air route to a single air carrier (Nextjet Ab) for a period of four (4) years (agreement term).
Description of the (typical) compensation mechanism for each service, including aid instruments used (direct aid, guarantees, etc.). Also indicate whether a cost allocation method or the net cost method is used.	Monthly compensation in accordance with an agreement.
Description of (typical) <b>arrangements for avoiding or refunding overcompensation</b> .	Comparison with market prices for equivalent air routes if any such exist. Monitoring of the agreement and invoicing by the air carrier.
<b>Amounts of aid granted</b>	
<b>Total amount of aid granted<sup>2</sup>.</b> <u>This includes all aid paid in your Member State, including aid from regional and local authorities.</u>	<b>Air services</b> (agreed monthly compensation) 2012 (11 months) EUR 1,328,290 2013 (12 months) EUR 1,482,295  <b>Ferry services</b> The compensation payable under the agreement is not regarded as aid
<b>Other quantitative information<sup>3</sup></b>	

<sup>2</sup>In accordance with article 9b of the decision on services of general economic interest and point 62 of the corresponding framework. A breakdown by calendar year is requested.

<sup>3</sup> The Commission would like to receive information on the aid granted in accordance with the decision on services of general economic interest and corresponding frameworks. This means, for example, the number of recipients per sector, the average amount of aid, the amount per aid instrument (direct aid, guarantees, etc.). If this quantitative information is not easily accessible in the Member State, it can naturally be presented in a more summarised manner and/or as estimates. In that case, please state that the information is estimated and state the type of summary.



## **1. PROBLEMS IN THE APPLICATION OF THE DECISION ON SERVICES OF GENERAL ECONOMIC INTEREST AND CORRESPONDING FRAMEWORKS**

Nothing to report

## **2. OPINIONS FROM PARTIES CONCERNED**

Nothing to report

## **3. OTHER**

The SGEI service provides the general public in the archipelago municipalities of Brändö and Kumlinge with basic broadband infrastructure through the extension of a mainly fibre-optic trunk network with a connection point to the Åland mainland. The municipalities in question have few inhabitants, low population density and lack permanent road access to the Åland mainland. It is not considered that the service can be supplied by the market with an acceptable scope or quality level. The service is used to bring about the same conditions for telecommunications and data services in this region as in other parts of Åland.

The service will be offered to the general public, i.e., both private individuals and companies in the area. The municipality of Brändö is the responsible authority for the project and, through a specific financing decision by the Åland provincial government, it has been made responsible for procuring the public service and for ensuring that the conditions contained in the Community framework provisions for State aid in the form of compensation for public services and the Commission's implementation decisions are observed.

The specific financing decision made by the Åland provincial government in relation to the municipality of Brändö clearly states that the company whose tender is accepted by the municipality of Brändö must be specifically required by means of an agreement to supply a public service in accordance with the Community framework provisions. Furthermore, the decision lists the following points that must be included in the agreement:

1. The exact contents of the obligations associated with the supply of public services and the contents of the obligations.
2. The company concerned and the area concerned, which is defined by the provincial government in this decision.
3. Exclusive or special rights granted to the company.
4. The methods for calculating, controlling and reviewing the compensation.
5. Measures for avoiding and repaying any overcompensation.



The provincial government must be given the opportunity to comment first on the invitation to tender and then on the agreement before each document is finally adopted by the municipality.

The compensation/subsidy for the public service may not exceed what is necessary to cover the costs incurred in the fulfilment of the obligations associated with the supply of public services, taking into consideration the revenues associated with them and a reasonable profit for fulfilling these obligations.

The provincial government considers that the size of the subsidy constitutes the difference between market rent and the highest rent offered. Reasonable profit means a return on capital that may not normally be higher than the average return in the sector in question in recent years.

The municipality of Brändö must require the operating company to keep separate accounts according to generally-accepted accounting principles for the project so that the costs and revenues associated with the service are clearly shown. The municipality of Brändö must, by means of the agreement, grant the provincial government's officials and representatives from the Commission the right, for a period of ten years, to inspect and review the company's accounts insofar as they apply to the public service.

The municipality of Brändö must regularly check that the company does not receive what the Commission refers to as overcompensation. If there is found to be overcompensation, the municipality must report it and require repayment of the amount from the company and repay that amount to the provincial government.

The municipality of Brändö must report to the provincial government, no later than October 2008 and every three years thereafter up to October 2016, on the operation of the service to enable the provincial government to submit a corresponding report to the Commission in accordance with EU provisions. Reports can also be requested at other times.

The service was procured through a public procurement taking place in accordance with the rules in May 2009.