

# 2016 SGEI REPORT

## FOLLOWING THE 2012 SGEI DECISION and THE 2012 SGEI FRAMEWORK

### EXPENDITURE OVERVIEW

General SGEI government expenditure by function (millions EUR)		
	2014	2015
<i>Compensation for Services of General Economic Interest (1+2)</i>		<b>6.89</b>
(1) Compensation granted on the basis of the SGEI Decision		<b>6.89</b>
(2) Compensation granted on the basis of the SGEI Framework		

# I. APPLICATION OF THE 2012 SGEI DECISION: SOCIAL SGEIs

**Clear and comprehensive description of how the respective services are organised in your Member State.**

Explanation of what kind of services, in the respective sector, have been defined as SGEI in your Member State. Please list the **contents of the services entrusted as SGEI** as clearly as possible.

The services which have been defined as social SGEI fall within two categories:

**A)** Provision and operation of structures to tackle poverty in various Municipalities in the country. Indicatively, these structures are the following:

- Social Pharmacy;
- Social Grocery;
- Soup Kitchen Service;
- Intermediation Office;
- Time Bank;
- Open Day Centre for Homeless;
- Dormitory for Homeless.

Through the operation of the above Structures, services of psychosocial support and information are also provided in order for the beneficiaries to be reinforced and socially integrated.

**B)** Provision of services to support vulnerable/susceptible groups, such as asylum seekers, single-parent families, victims of torture and/or trafficking, unaccompanied minors who are nationals of third countries (asylum seekers - refugees), adult refugees, minors (children and adolescents) at risk, women at risk or suffering ill-treatment, etc. Indicatively, the services provided consist of the following:

- Operation of housing and hosting areas, in the form of organised hostels or flats, for the above vulnerable groups (both adults and minors);
- Legal support and intermediation services;
- Greek language teaching services;
- Cover of food and clothing needs of the beneficiaries;

<ul style="list-style-type: none"> <li>- Support for the social integration of unaccompanied minors who are nationals of third countries (registration in schools, extracurricular activities, entertainment, tutorial support, creative occupation, etc.);</li> <li>- Psychosocial support and healthcare;</li> <li>- Activities to inform and raise public awareness on the immigration issue;</li> <li>- Developing programmes to tackle emergency cases involving minors and women at risk / in crisis (via the provision of protected hosting and psychosocial, medical and nursing support and care),</li> <li>- Operation of organised hosting area and tackling the emergency and urgent needs in terms of subsistence, medical and social care of the newly arriving third country nationals who are potentially entitled to international protection.</li> </ul> <p>The abovementioned services were, in 2015, entrusted to providers who are mainly civil non-profit companies and non-profit associations engaged in the provision of social care and support services.</p>
<p><b>Explanation of the (typical) forms of entrustment.</b> If standardised templates for entrustments are used for a certain sector, please attach these.</p>
<p>SGEI are entrusted in accordance with programme contracts entered into between the providers and the competent Ministry (Labour, Social Security and Social Solidarity – Welfare General Secretary). Programme contracts explicitly lay down the obligations of the providers.</p>
<p><b>Average duration of the entrustment (in years) and proportion of entrustments that are longer than 10 years (in %) per sector.</b> Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.</p>
<p>The duration of the entrustment does not, in any event, exceed the period of one (1) year. Usually, the average duration of the entrustment is between one (1) and seven (7) months.</p>
<p><b>Explanation as to whether (typically) exclusive or special rights are assigned to the undertakings.</b></p>
<p>Based on the framework and nature of the services provided, exclusive or special rights are not assigned.</p>
<p><b>Which aid instruments have been used (direct subsidies, grants, guarantees, etc.)?</b></p>
<p>The aforesaid SGEIs are financed by grants from the State Budget. Specifically, they are financed:</p> <p>A) either through the Public Investment Programme – National Projects, in the context of the projects:</p> <ul style="list-style-type: none"> <li>- ‘Social Structures for the Immediate Tackling of Poverty’</li> <li>- ‘Reception and Hospitality Programmes for International Protection Beneficiaries’</li> </ul> <p>B) or through the Regular Budget of the Ministry of Labour, Social Security and Social Solidarity</p>

('Grants to other Social Welfare Institutions')	
Explanation of the (typical) <b>compensation mechanism</b> as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.	
<p>The relevant Programme Contracts explicitly state that the financing is limited to the amount needed to balance the revenues and the expenses of the project, and that in any event, the financing cannot yield profit to the SGEI provider.</p> <p>Moreover, in the event of financing from the Regular Budget, the amount of the finance is based on the financing of the same programmes under previous programme contracts, taking into account the following:</p> <ul style="list-style-type: none"> <li>(a) the amount of the expenses incurred for the provision of the exact same services;</li> <li>(b) the reports of the competent Monitoring Committee;</li> <li>(c) the budget submitted by the SGEI provider.</li> </ul> <p>In addition, the programme contracts provide that any unused funds which have already been paid shall be returned to the Ministry of Labour, Social Security and Social Solidarity.</p>	
Explanation of (typical) <b>arrangements for avoiding and repaying any overcompensation.</b>	
The programme contracts lay down the arrangements for the financing of the projects, the payments to the SGEI provider and for avoiding and repaying any overcompensation.	
<b>A short explanation of how the transparency requirements</b> (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI) are being complied with.	
Not applicable.	
<b>Amounts of aid granted</b>	
<b>Total amount of aid granted.</b> This includes all aid granted in your territory, including aid granted by regional and local authorities <b>for the years 2014 and 2015.</b>	
<b>2014</b>	<b>2015</b>
	<b>EUR 6.89 million (based on programme contracts)</b>
<b>Share of expenditure per aid instrument (direct subsidy, guarantees etc.), if available</b>	
<b>2014</b>	<b>2015</b>

	<b>EUR 6.89 million (based on programme contracts)</b>
<b>Additional quantitative information</b> (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings).	

## II. APPLICATION OF THE 2012 SGEI FRAMEWORK

### 1. POSTAL SERVICES - ELTA

The Greek authorities submitted notification ref. SA.35608(2014/N)/20.6.2014 for the financing of the universal postal service according to the provisions of the SGEI Framework 2012. However, it should be noted that the assessment was carried out by the Commission in accordance with the SGEI Decision (Commission Decision SA.35608 (2014/C) (ex 2014/N) – Ελληνικά Ταχυδρομεία (EATA)/Hellenic Post (ELTA) - Compensation for the financing of the universal postal service).

<b>Clear and comprehensive description of how the respective services are organised in your Member State</b>
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Explanation of what kind of services, in the respective sector, have been defined as SGEI in your Member State. Please list <b>the contents of the services assigned as SGEI</b> as clearly as possible.
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Postal services and non-postal SGEI, as described in Article 2(3) of the Management Contract concluded between ELTA and the Greek government:

- i. Payment of pensions (on contract) on behalf of the Greek government.
- ii. Receipt of payment of bills (on contract) on behalf of organisations, local authorities, etc.
- iii. Acceptance of the deposit or withdrawal of money on behalf of the Hellenic Postbank and other credit institutions.
- iv. Receipt of documents and supporting documents sent by the public to cooperating credit institutions, in order to conclude or service loans.
- v. Link of the network of terminal automated teller machines to corresponding interbank and other computer systems.
- vi. Provision of the service of postal cheques at national and international level, according to the contracts signed by the country in the context of the Universal Postal Union (U.P.U.), a service particularly important for those residing in remote areas, without banking services, as well as for those with limited access to banking services.
- vii. Provision of public services resulting from *ad hoc* inter-ministerial cooperation - agreements, such as the Memorandum of Understanding, concluded on 11 April 2012 between the Ministry of Administrative Reform and e-Governance and the Ministry of Infrastructure, Transport and Networks and the Post Office as regards the provision of services of Customer Service Centres through 68 Post Office branches in remote areas.

It is noted that the services cover the entire Greek territory and that pricing is uniform.

The provision of non-postal services of general economic interest is carried out by ELTA based on the following criteria:

- Their nature as services provided to citizens by the state or state agencies through the broad



postal network.

- The degree to which these services are provided throughout Greece, mainly at the premises of the recipients, which is essential for rural and island areas.
- No other state or private agency may offer such services.
- They are provided according to uniform invoicing, regardless of the profitability of the services offered in various areas, especially remote ones.

Such services are considered services provided by the Post Office on behalf of the Greek government, public agencies, local governments, etc., for instance, the payment of pensions, social benefits, receipt of payment for bills, etc. Such services, especially in remote areas difficult to access, are services of general economic interest, as defined by national and EU legislation.

Therefore, based on the above criteria, the services provided to citizens, as referred to in the proposed actions, are SGEI.

Moreover, under Law 4053/2012, ELTA remains a universal service provider until 31 December 2018. Article 6 of the above law determines the content of the universal postal service obligation which is summarised as follows:

- Provision of postal services five working days each week.
- Execution of one collection and one delivery per day.
- Collection, transport, sorting and delivery of postal items of up to 2 kilograms.
- Collection, transport, sorting and delivery of parcels of up to 20 kilograms.
- Services of registered items and items of declared value.
- Achieving the quality targets for the universal domestic and intra-community postal services offered.
- Maintaining at least one access point for the collection of mail per thousand residents in urban areas, and at least one access point in every village in rural areas.
- Distribution of postal items to the address of the recipient provided that the address shown on the postal item is correct and complete.

Explanation of the (typical) **forms of assignment**. If standardised templates for assignments are used for a certain sector, please attach these.

Article 4(b) 'Duties of the Ministry of Infrastructure, Transport and Networks', Article 7 'Provision

<p>of Universal Services’, Article 21 ‘Transitional Provisions’ of Law 4053/2012 (Government Gazette, Series II, No 44/07.03.2010), establish inter alia that:</p> <ul style="list-style-type: none"> <li>• ELTA remains a universal service provider until 31 December 2028.</li> <li>• The conditions for the provision of the universal service are laid down in the award contract concluded between the Minister for Infrastructure, Transport and Networks and ELTA.</li> </ul> <p>The assignment has been completed by the Management Contract concluded between the Greek government and the Hellenic Post. This contract (Article 2) clearly determines the universal service and other public utility services (SGEI) provided by ELTA.</p>
<p><b>Average duration of the entrustment (in years)</b> and proportion of entrustments that are <b>longer than 10 years</b> (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.</p>
<p>Under Law 4053/2012, ELTA remains a universal service provider until 31 December 2018. The entrustment of the other SGEI services on behalf of the Greek government, organisations, etc. are determined in accordance with the provisions of the Management Contract concluded between the Greek government and ELTA.</p>
<p>Explanation as to whether (typically) <b>exclusive or special rights</b> are assigned to the undertakings.</p>
<p>ELTA operates on a market which has been fully liberalised since 1 January 2013 pursuant to Law 4053/2012 transposing the 3rd Postal Directive. ELTA’s Exclusivity (exclusive sector) was in force until 31 December 2012 and was related to the special right of being the only provider of the mail handling service for weights under 50 grams, as compensation for the provision of a universal service.</p>
<p>Which aid instruments have been used (direct subsidies, grants, guarantees, etc.)?</p>
<p>ELTA has not been granted any State aid for the period under examination (2014-2015) and for the year 2013, even though the relevant legislation provides for such aid.</p> <p>More specifically, pursuant to Law 4053/2012 (Annex I, Part C) regarding the recovery of any net costs of universal service obligations:</p> <p><i>The recovery or financing of any net costs of universal postal service obligations may require the designated postal service providers of Article 6 to be compensated for the services that they provide under non-commercial conditions.</i></p> <p><i>The compensation for the net costs will be appropriated in the State Budget</i></p>

*and/or will be shared between postal service providers and/or the users by means of ensuring objectivity, transparency, non-discrimination and proportionality and least distortion to competition and to user demand.*

Moreover, in accordance with the Official Journal of the European Union (C 248, 3/10/2014), the Commission decided not to raise any objections to the compensation of ELTA in the form of direct grants from the State budget for the delivery of the universal service during the transitory regime for 2013-2014 or 2013-2015. As aforesaid, ELTA has not been currently granted any compensation for the above period (years 2013, 2014 and 2015).

Explanation of the (typical) **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

In full compliance with the provisions of Law 4053/2012 (Annex I, Part B) and the regulatory decision 697/129/2013 of the EETT on the ‘Determination of the methodology of the calculation of the net cost of the universal postal service provision’, the applicable methodology of the calculation is based on the following:

*The net cost of universal postal service obligations is to be calculated as the difference between the net cost for a designated universal postal service provider of operating with the universal postal service obligations and the same postal service provider operating without the universal postal service obligations.*

*The calculation of the net cost of specific aspects of universal postal service obligations is to be made separately and so as to avoid the double counting of any direct or indirect benefits and costs.*

*The overall net cost of universal postal service obligations to any designated universal postal service provider is to be calculated as the sum of the net costs arising from the specific components of universal postal service obligations, taking account of any intangible benefits. The responsibility for verifying the net cost lies with the EETT.*

As regards the compensation fund mechanism for the Universal Service, Law 4053/2012 (Article 8(1) and (2)) provides that:

*The net cost of universal service obligations burdens the universal service provider in so far as it concerns the provision of postal services within the*

*universal service, the postal service providers within the universal service and the State Budget.*

*The Minister of Finance and the Minister of Infrastructure, Transport and Networks determine, by a joint decision, the amount of the net cost of universal service obligations which burdens the State Budget. By the same decision, following a recommendation of the EETT, a sharing mechanism is established for the amount of the net cost burdening the postal service providers. The sharing of the cost must be made in a transparent, objective and neutral manner that avoids a double imposition of contributions falling on both outputs and inputs of the postal service providers, taking into account, inter alia, the geographical distribution of the postal project carried out by each provider and the corresponding receipts.*

**Explanation of (typical) arrangements for avoiding and repaying any overcompensation.**

The arrangements for avoiding any overcompensation are set out in the regulatory decision 697/129/2013 of the EETT (Article 4(1)), which specifies the general principles for the calculation of the net cost of universal service obligations, according to which,

*The calculation of the Universal Service Net Cost shall take into account all the benefits, including any intangible and market benefits which accrue to a postal service provider (PSP) designated to provide universal service, the entitlement to a reasonable profit and incentives for cost efficiency.*

Moreover, with respect to the verification of the net cost calculation, the above regulatory decision (Article 8(6)) provides as follows:

*During the verification of the net cost calculation by the EETT, due attention is to be given to correctly assessing the costs that any designated universal service provider would have chosen to avoid, had there been no universal service obligation. The EETT takes into account the level of the PSP's effectiveness so that any ineffectiveness may not affect the result of the net cost. The approved net cost must not exceed what is necessary to cover all or part of the costs incurred in discharging the public service obligation, taking into account the relevant receipts and a reasonable profit for discharging those obligations.*

<b>A short explanation of how the transparency requirements</b> (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI) are being complied with.	
ELTA has not been currently granted any compensation over the period in question (years 2014 and 2015).	
<b>Amount of aid granted</b>	
<b>Total amount of aid granted.</b> This includes all aid granted in your territory, including aid granted by regional and local authorities <b>for the years 2014 and 2015.</b>	
<b>2014</b>	<b>2015</b>
<b>No aid has been granted</b>	<b>No aid has been granted</b>
<b>Share of expenditure per aid instrument (direct subsidy, guarantees etc.), if available.</b>	
<b>2014</b>	<b>2015</b>
<b>No aid has been granted</b>	<b>No aid has been granted</b>
<b>Additional quantitative information</b> (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings).	

## **2. PPC – PUBLIC SERVICE OBLIGATIONS**

### **‘Electricity single tariff in the Interconnected System and the Non-Interconnected Islands (hereinafter ‘NII’) (SA 32060)’ – Description of the application of the SGEI Framework**

This SGEI compensation exceeds the threshold of EUR 15 million and does not therefore fall under the SGEI decision. This State aid (SA 32060) has been approved by Commission Decision C 2014/6436 final/16.9.2014, concluding that it is compatible with the internal market State aid pursuant to Article 106(2) TFEU for the duration of the derogation from market opening granted by the Commission Decision C(2014) 5902 of 14 August 2014 (hereinafter ‘Derogation Decision’).

#### **Clear and comprehensive description of how the respective services are organised in your Member State**

- Explanation of what kinds of services, in the respective sector, have been defined as SGEI. *The contents of the services entrusted as SGEI.*

The relevant public service is determined as obliging the suppliers operating in the NII to supply electricity to the NII customers at standard tariffs equal to those enjoyed by the customers in the Greek interconnected system, notwithstanding higher supply costs in the NII.

The PSO at issue, as a particular form of a price regulation, is designed to address the very specific geographical and economic situation of the NII.

In its decision on the relevant State aid case SA 32060, the Commission concluded that this PSO represents a genuine and correctly defined service of general economic interest as referred to in Article 106(2) of the Treaty (see, paragraphs 136-144).

#### **- Explanation of the (typical) forms of entrustment.**

The public service obligation was explicitly introduced for the first time into the Greek legal order by Law 3426/2005, Article 28, which granted the Minister of Development the power to designate public services. By way of delegated decision No ΠΔ5/ΗΛ/Β/Φ1Β/12924 of the Minister for Development, the supply of electricity to consumers on the NII at tariffs identical, for each category of consumer, to those for the interconnected system, constitutes a public service obligation.

Moreover, Article 25 of Law 2773/1999 (after being amended by Article 16 of Law 3426/2005) provided that from 1 July 2007 onwards ‘*all consumers shall be designated as Eligible Customers*’ but introduced an exception relating to consumers on NII, provided derogation from Directive 2003/54/EC could be obtained (now, Article 33 of Directive 2009/72).

Such derogation was actually granted to the Hellenic Republic by the European Commission under its decision C(2014) 5902 (2014/536/EC), with retroactive effect from 5 December 2003.

Consequently, as long as this derogation remains in force, PPC is recognised *de facto* as the sole supplier on the NII.

The national legal framework governing the entrustment of this PSO meets the criteria set out in the 2012 SGEI Framework, in accordance with the decision of the Commission on the State aid case SA 32060 (see paragraphs 149-152).

**-Average duration of the entrustment (in years) and proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.**

It is not possible to predetermine the duration of the public service obligation at issue. However, when any of the islands are interconnected to the mainland, the consumers thereon will be able to benefit from the prices in the interconnected system, and the PSO will no longer be necessary.

Furthermore, under the Commission Decision granting the Hellenic Republic derogation from the provisions of Article 33 of Directive 2009/72/EC on the market opening, only PPC is, *de facto* and *de jure*, entrusted with the provision of the PSO throughout the validity period of the derogation. The derogation shall be valid until 17 February 2016 or the full installation of the infrastructure as provided for by the NII Code, whatever comes later. As per recital (82) of the Derogation Decision, for isolated systems, the derogation is valid until an interconnection between that system and the Greek interconnected system has become fully operational. In any event, the derogation ceases to apply on 17 February 2019.

In the light of the above conditions, the duration of the PSO is considered to be limited.

**- Explanation whether (typically) exclusive or special rights are assigned to the undertakings.**

Under the Commission Decision C(2014) 5902 (2014/536.EC), the Hellenic Republic was granted derogation from the provisions of Article 33 of Directive 2009/72/EC on the market opening, with retroactive effect from 5 December 2013 (see, Article 2 in combination with Article 5 of the Decision). This derogation concerns the isolated systems and the micro isolated systems, i.e. the entire NIIs. The derogation shall be valid until 17 February 2016 or the full installation of the infrastructure as provided for by Article 237(7) of the NII Code, whatever comes later. In any event, the derogation ceases to apply on 17 February 2019.

It is further noted that a) the consumers of the Crete system, which, according to Directive 2009/72/EC, is considered a small isolated system, are classified as eligible customers pursuant to Law 4001/2011, while b) for the remaining islands, which are micro isolated systems and their consumers are, according to the current legal framework, considered non-eligible customers (Articles 134(5) and 137 of this law), the opening of the market to new suppliers is an optional choice exercised by the State by means of legal acts and depends on the time when the necessary infrastructure is complete.

Therefore, in view of the particular circumstances relating to the operation of the suppliers on the NIIs, as recognised by the Derogation Decision, PPC is currently, *de facto* and *de jure*, the sole supplier on the NIIs, with the exception of Crete.

**- Which aid instruments have been used (direct subsidies, guarantees, etc.)?**

The 'NII PSO Compensation' amount is approved by decision of the RAE and is paid by the customers of all the electricity suppliers on the basis of distinct charges on their bills. Indeed, according to Article 36(2) of Law 4067/2012, the relevant cost is allocated uniformly across the entire territory of the state per category of (final) customer: '2. The persons liable to pay the PSO compensation are the users concerned of each electricity supply, who must pay it to the electricity suppliers on the basis of distinct charges on the consumptions bills which they receive, as such consumption is determined by the competent System Operator.'

**- Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.**

The costs of producing electricity on the NII considered for calculating the PSO compensation relate exclusively to electricity production on those islands and consequently do not include costs for any other activities that are performed by the PPC. Consequently, the PSO compensation methodology does not take into account any indirect costs.

The current compensation methodology adopts the net avoided cost methodology specified in the 2012 SGEI Framework. The compensation covers the difference arising from the cost of electricity in the interconnected system and the NII system, which goes beyond normal regulated charges such as the network usage fees, the greenhouse gas reduction levy, etc. The compensation is computed monthly and for each independent island electricity system (NII system) so that the supplier operating in the specific NII system recovers the PSO compensation corresponding to that system. A final annual settlement of accounts for the monthly compensation computed during the previous year is carried out after RAE checks and approves the costs taken into account in the computations, and whether those costs are reasonable.

The avoided costs deriving from the fact that the national electricity transmission system is not being used are taken into account and used to reduce the overall cost of providing the public service and thus the amount that needs to be recovered via public service charges applied to all consumers.

In establishing the PSO compensation, the Greek authorities take into account the entire revenue earned from the sale of electricity into the NII. PPC does not have any special or exclusive rights that could create excessive profits. Although PPC is, *de facto* and *de jure*, the sole supplier on the NII, with the exception of Crete, this is a consequence of the specific situation of electricity generation on the NII (as recognised by the Derogation decision) and does not entail any special and exclusive rights.

The applicable compensation mechanism has been held to be compatible with the 2012 SGEI Framework (see Commission Decision on the State aid case SA 32060, paragraphs 164-190).

## **Typical arrangements for avoiding and repaying any overcompensation.**

Greece has set up and consistently applies a system for checking each year that the suppliers in the NIIs are not receiving compensation in excess of the amount determined as per the respective methodologies described above.

More specifically, Article 20(11) of Law 4203/2013 requires that RAE prepares an annual report on the inspection of cost data used to compute the compensation so that consumers do not have to pay unreasonable costs (*'The amount of the cost for the production activity performed by conventional units, under these contracts, is checked by RAE and is recognised in the accounts when determining the compensation owed for providing the Public Services to the consumers of the Non-Interconnected Islands under the current legislation.'*)

Moreover, RAE is also in charge of checking the separate accounts of license holders relating to their activities performed under licenses which relate to any supply to eligible or non-eligible customers (see, Article 28(3) and (4) of Law 3426/2005). In addition, Article 141 of Law 4001/2011 provides that the integrated undertakings must keep separate accounts for each of their activities (supply, production, distribution) and that the accounts must be presented in separate accounting records. As regards PPC, in particular, and its operations in the non-interconnected islands, the relevant obligation is also stated in Article 5(2) of Annex 7 of the Electricity Generation and Supply License Regulation, No Δ5/B/Φ1/οικ. 17773 (Government Gazette 1323/B/22.10.2001).

Furthermore, the obligation to keep separate accounts showing the financial compensation given for discharging the PSO, is also expressly stated in Article 55 of Law 4001/2011. Moreover, the keeping of separate accounts is a requirement for compensation to be paid (Article 55(8), last sentence).

### **RAE Decision 14/2014 on the 'Methodology for computing the compensation to cover the cost of providing Public Services on the Non-Interconnected Islands' (Government Gazette 270/B/7-2-2014)**

#### Recital (in B):

*'Whereas, taking into account the criteria set out in the first, second and third indent of Article 56(2) of Law 4001/2011 and in the light of the foregoing, it is evident that the compensation computed does not exceed the difference between the operating costs of a supplier under a public service obligation and one without such obligation, since, in order to provide the customers with single tariffs as aforesaid, the difference in the supply cost is covered using the methodology.*

*Furthermore, the methodological approach for the NII PSO compensation does not take into account the costs the supplier would have sought to avoid, had there been no PSO, since these are costs the supplier would bear in all events for supplying electricity on a NII system. The provision of the NII PSO is associated exclusively with charges that are imposed solely by virtue of the structure and operation of the market of the NII system in which a supplier decides to operate and are not dependant on the framework and conditions of operation of his undertaking. [...]*

Whereas, according to the provisions of Article 20(11) of Law 4203/2013, when computing the NII PSO compensation, an annual audit must be carried out of the costs data on which this compensation is calculated to avoid it being charged with unreasonable costs.'

Article 1(6): 'After the end of each calendar year (t) and within the time limits provided by the NII Management Code and the relevant Producers and Suppliers NII Market Participation contracts, the unitary monthly final compensation  $MA\_MAN_{\Sigma M, \mu}^{Settle}$  and  $MA\_MAN_{AIE, \mu}^{Settle}$  for every month ( $\mu$ ) of the year (t) are calculated by the NII Operator, taking into account the final available cost and energy accounting data of paragraphs (2) and (3) above. The results of the calculations are submitted to RAE for approval, along with the detailed raw data on which the calculations were based (Table of Annex I and any accompanying supporting data). On the basis of the unitary monthly final compensations, as well as the accounting data of energy charges corresponding to each supplier (j) operating in each NII system ( $Q_{X, \Sigma M(\mu, j)}^{Settle}$  and  $Q_{X, AIE(\mu, j)}^{Settle}$ ), the NII Operator calculates the monthly final settlement compensations  $A\_MAN_{\mu, j}^{Settle}$  for each Supplier, applying the below formula (7) and fully settles any differences arising from the corresponding provisional compensations  $A\_MAN_{\mu, j}^{Temp}$ .

$$A\_MAN_{\mu, j}^{Settle} = MA\_MAN_{\Sigma M, \mu}^{Settle} \times Q_{X, \Sigma M(\mu, j)}^{Settle} + MA\_MAN_{AIE, \mu}^{Settle} \times Q_{X, AIE(\mu, j)}^{Settle} - XX_{\Sigma \mu, j}^{Settle} \quad (7)'$$

### **RAE Decision 39/2014 on the 'Code of Management of Electric Power Systems on the Non-Interconnected Islands'**

#### Article 171 – Accounting operations on the Accounts

1. The accounting records of Article 170 shall include all accounting operations and particularly debit and credit operations of the Participants, as provided for in the provisions of this Code. They shall also include debits or returns from previous payments of Participants needed to balance the relevant accounting records. The movements of these Accounts shall be executed for the Producers per Unit and for the Load Representatives per Meter category they represent.
2. This Code shall set out, separately for each Account, the calculation method of the credits and debits of the Participants as well as the method of allocating the surplus and the deficit of the relevant accounting records. Details regarding the accounting operations of this Chapter may be specified in the NII Market Operation Manual.

#### Article 179 – Accounting operations for the Public Service Obligations (PSO) Special Account (Λ - Η).

1. Payments of the NII Operator to the beneficiaries of the compensation for discharging Public Service Obligations (PSO) on the Non-Interconnected Islands shall be debited in the Λ - Η Account, according to the provisions of the applicable legislation.

2. The amounts corresponding to the consumers of the Load Representatives, as these appear from the energy consumed per meter category they represent in the NII, and the charges for covering the PSO compensation shall be credited in the  $\Lambda - H$  Account, according to the provisions of the applicable legislation.

3. The  $\Lambda - H$  Account shall also be debited and credited as appropriate so that it remains balanced after completion of both the Monthly Settlement and the Annual Final Settlement by means of the necessary fund transfers from and to the Public Service Obligations Special Account, kept by the System Operator. In the event where the  $\Lambda - H$  Account of the NII Operator has a debit balance, it shall be credited with funds from the Public Service Obligations Special Account, kept by the HTS Operator to bring it to a balanced position; otherwise, the  $\Lambda - \Theta$  Account of the NII Operator shall be debited by transferring the surplus funds to the Public Service Obligations Special Account, kept by the HTS Operator to bring it to a balanced position.

4. The procedure of Monthly Settlement and Final Annual Settlement shall apply to the above debits and credits, and these amounts shall also be included in the relevant Settlement Statements.

#### Article 184 – Annual Final Settlement Procedure

1. At the end of each calendar year, the NII Operator shall prepare the Annual Final Settlement for the current year per NII System, in the context of which:

(a) It shall take into account any potential differences between the meter reading and other data which were used for the calculation of the debits and credits of the Monthly Settlement Statements and the final accounting data for the year.

(b) It shall identify any potential errors in the initial calculation of the debits and credits of the Monthly Settlement Statements.

(c) It shall verify on the basis of the latest data any estimates made in the event of settlement in exceptional situations, pursuant to Article 187.

(d) It shall fix the accounting cost for the Cover of an Emergency pursuant to Article 155.

(e) It shall fix the accounting cost for the Cover of Operating Expenses and Fixed Assets pursuant to Article 180.

(f) It shall take into account the outcome of any Dispute Settlement Procedure.

2. In order to determine the amount of debits and credits during the procedure of the Annual Final Settlement and to make the relevant bank operations, the NII Operator shall use the NII Market Settlement function of the NII Information System.

3. The Annual Final Settlement of the NII Market shall be carried out per NII system and include the separate final settlements regarding: Energy Purchases/Sales, Auxiliary Services, Mechanism Securing Sufficient Power, Special Accounts of the NII RES and the NII PSO, Cover of Emergency Costs, Cover of Operating Expenses of the NII Operator and the

Management of Fixed Assets, Collection of Fees in favour of Third Parties / Network Usage Charges as well as Fines.

4. The NII Operator shall submit to RAE, for its review, the cost and energy accounting data for each NII system by the fifteenth (15) of February of the year following the settlement year. By the fifteenth (15) of March of the year following the settlement year, RAE shall approve by decision the final cost data as to the reasonability of the level and the type of the separate costs of the production activity, on which the NII operator computed the compensation for the provision of the Public Services of Article 1 (1) of Ministerial Decision ΠΔ5/ΗΛ/Β/Φ1Β/12924/13.062007 (Government Gazette 1040/Β/25.06.2007), as amended and currently in force, for each NII system, according to the provisions of the applicable legislation.
5. The NII Operator shall send to each Participant the Annual Settlement Statement concerning the current year by the twenty sixth (26) of March of the year following the settlement year. The Annual Settlement Statement includes debits and credits arising from the Annual Final Settlement.
6. Any participant who disputes the contents of the Annual Settlement Statement shall submit in writing and within ten (10) calendar days from the notification of such Statement reasoned objections to the NII Operator stating the precise reasons of the objections, the disputed amount, the Allocation Date as well as the relevant data and evidence which support the objections.
7. The NII Operator shall make a reasoned decision on such objections within ten (10) calendar days from notification of the objections, and any differences shall be included in the Settlement Statement of the next settlement procedure, as practically possible, in accordance with the applicable tax legislation. Any dispute between the parties which remains unsolved following the above procedure shall be resolved in accordance with the provisions of Chapter 2.
8. The Annual Settlement Statement shall be issued in the same format and with the same content as the Monthly Settlement Statement, for each month of the settlement year.
9. In the event where the Annual Final Statement shows a debit balance for the NII Operator, the Participant shall promptly issue and send the relevant invoice to the NII Operator, duly certified, on the basis of the data stated in the Annual Settlement Statement, notwithstanding any objections of the Participant. The NII Operator shall issue the relevant bank order for the payment of the Participant within ten (10) working days from the notification of the invoice, notwithstanding any objections on the amounts due.
10. In the event where the Annual Final Settlement shows a credit balance for the NII Operator, the NII Operator shall issue and send the relevant invoice to the Participant, duly certified, along with the Annual Settlement Statement. The Participant shall pay the above debt within five (5) working dates, notwithstanding any objections on the amounts due.
11. If, after the expiry of the above time limit, the debt has not been paid in its entirety, the Participant shall be presumed to be unable to pay the relevant amounts. The total sums which the Producer is unable to pay shall be set off with the payments he is due to receive at the procedure of the next Monthly Settlement. The total sums which the Load Representative is unable to pay shall

constitute a Transaction Deficit for the settlement year and the procedures of Article 185 shall apply.

12. Any Participant collaborating with the NII Operator to resolve the dispute arising from a specific Annual Settlement Statement shall be obliged to pay the expenses for the execution of repeated settlement calculations pursuant to the provisions of Article 41. These amounts shall be returned to the Participants if the outcome of the repeated settlement calculations shows that the Annual Settlement Statement was erroneous. These expenses shall be recorded in the Monthly Settlement Statement of the next settlement period.

13. Details regarding the format and content of the Annual Settlement Statement and the relevant invoices and bank operations, as well as the manner and content of the communication between the Participants and the NII Operator in the context of the Annual Final Settlement may be set out in the NII Market Operation Manual.

#### Annex, Article 4 ‘Calculation of Debits / Credits’

1. For each settlement period, the NII Operator shall calculate the following debits / credits per NII System:

a) The debits of the Load Representative ( $XE\Phi_j$ ) for the energy shall be calculated as follows

$$XE\Phi_j = \text{MIIKII}_i \times Q_{X(\Sigma M)_i} + \text{MMK}_{(M\Delta N)_i} \times Q_{X(AIIE)_i}$$

Where:

$\text{MIIKII}_i$ : the price, in €/MWh, arising from the average full cost of electric energy production from Conventional Units in each NII<sub>i</sub> System, as calculated by the NII Operator.

$Q_{X(\Sigma M)_i}$ : the Energy Invoiced to the Load Representative from Conventional Units in the NII<sub>i</sub> System per settlement period.

$\text{MMK}_{(M\Delta N)_i}$ : the price, in €/MWh, of the Average Variable Cost of electric energy production from Conventional Units, as these are calculated by the RAE which is valid for the NII System for the settlement month, according to the applicable provisions.

$Q_{X(AIIE)_i}$ : the Energy Invoiced to the Load Representative from Renewable Energy Sources / High Performance CHP and Hybrid Units in the NII<sub>i</sub> system per invoicing period.

b) The debits and credits of the Load Representative for the Public Service Obligations (PSO) which arise from the calculation of the amounts owed to the Load Representative as compensation for its operation in the NII<sub>i</sub> System, as well as the amount which it must pay to the relevant NII Operator from the relevant PSO charges corresponding to his Customers, according to the applicable provisions of the law. More specifically, the credits for the compensation of the Supplier for its operation in the NII (the NII PSO), shall be calculated in the first instance by the NII Operator for each settlement period on the basis of the remuneration data of the Producer from the Conventional Stations and in accordance with the calculation methodology used for this PSO expenses and then shall be finally settled on an annual basis, following a RAE check as to the

reasonability of the level and type of the separate expenses of the production activity in the calculation of the PSO of Article 1 (1) of Ministerial Decision ΠΔ5/ΗΛ/Β/Φ1Β/12924/13.06.2007 (Government Gazette 1040/Β/25.06.2007), as amended and currently in force. As regards the credits for the compensation of the remaining PSO discharged by the Load Representative, the provisions of the applicable legislation shall apply.

c) Other debits or credits of the Load Representative (Network Usage Charges, in favour of third parties etc.) in accordance with the provisions of the applicable legislation, provided that the applicable legislation does not explicitly provide a different method for the allocation to their beneficiaries.

2) The total debit/credit of the Load Representative is the sum of the partial debits/credits for the totality of the NII (n) Systems, i.e.:

$$XE\Phi = \sum_{i=1}^n XE\Phi_i$$

#### Annex, Article 8 ‘Transaction Settlement – Invoicing’

1. At the end of each settlement period, the NII Operator shall calculate the amounts of Article 4, and shall apply the procedure of the Monthly Settlement provided for in the NII Code (issue and notification of the Monthly Settlement Statement, assessment of the objections, issue of the invoices, accountancy recording /repayment etc.) with the appropriate adjustments for the application of the provisions on the basis of the average monthly amounts. The Monthly Settlement Statement shall be prepared on the basis of the data submitted by the Producers from Conventional Units in the NII as well as other data available to the NII Operator (meter readings etc.).

2. At the end of each calendar year, the NII Operator shall calculate the final accounting amounts of Article 4, taking into account the accounting data for the production activity in the NII Systems and shall apply the Annual Final Settlement Procedure, as provided for in the NII Code (submission to RAE of the accounting data for review and approval, issue and notification of the Annual Settlement Statement, assessment of the objections, issue of the invoices, accountancy recording/repayment).

#### Annex, Article 10 ‘Transaction Settlement – Invoicing’

1. At the end of each settlement period, the NII Operator shall calculate the amounts of Article 4, and shall apply the procedure of the Monthly Settlement provided for in the NII Code (issue and notification of the Monthly Settlement Statement, assessment of the objections, issue of the invoices, accountancy recording /repayment etc.) with the appropriate adjustments for the application of the provisions on the basis of the average monthly amounts. The Monthly Settlement Statement shall be prepared on the basis of the data submitted by the Producers from Conventional Units in the NII as well as other data available to the NII Operator (meter readings etc.).

2. At the end of each calendar year, the NII Operator shall calculate the final accounting amounts of Article 4, taking into account the accounting data for the production activity in the NII Systems and shall apply the Annual Final Settlement Procedure, as provided for in the NII Code (submission to RAE of the accounting data for review and approval, issue and notification of the Annual Settlement Statement, assessment of the objections, issue of the invoices, accountancy recording/repayment).

As shown from the current statutory framework, in view of the accounting settlement procedure which is pursued vigorously, the possibility to grant compensation exceeding the necessary amount (“overcompensation”) is sufficiently and duly prevented.

The above statutory framework is supplemented by the general provisions of Article 904-913 of Civil Code.

#### **- Compliance with the condition of transparency**

The statutory framework on the provision of PSO on the NII can be found on RAE’s website:

[http://www.rae.gr/site/categories\\_new/global\\_regulation/global\\_national/global\\_national\\_laws.csp?power=electricity&lawfek=&type=&lawcode=&low\\_text=&btn\\_search=%CE%91%CE%BD%CE%B1%CE%B6%CE%AE%CF%84%CE%B7%CF%83%CE%B7](http://www.rae.gr/site/categories_new/global_regulation/global_national/global_national_laws.csp?power=electricity&lawfek=&type=&lawcode=&low_text=&btn_search=%CE%91%CE%BD%CE%B1%CE%B6%CE%AE%CF%84%CE%B7%CF%83%CE%B7).

The results of the public consultation carried out by RAE in respect of the new calculation methodology of the compensation for discharging Public Service Obligations on the Non-Interconnected Islands are also posted on the internet on RAE’s website:

([http://www.rae.gr/categories\\_new/about\\_rae/activity/global\\_consultation/history\\_new/21102013.csp](http://www.rae.gr/categories_new/about_rae/activity/global_consultation/history_new/21102013.csp)).

Moreover, the amounts of the aid granted to undertakings providing PSO every year are also posted on RAE’s website (alternatively: follow the links, RAE (Home Page) > Consumers > FAQs [http://www.rae.gr/site/categories\\_new/consumers/faq/electricity.csp](http://www.rae.gr/site/categories_new/consumers/faq/electricity.csp)).

#### **- Amount of granted aid**

The exact amount of the granted aid was not available on the date of the submission of the present report, since the accounting review carried out by RAE regarding the amount of the unitary monthly final compensations for providing public services on the Non-Interconnected Islands (the NII PSO), in accordance with the ‘Methodology for computing the compensation to cover the cost of providing Public Services on the Non-Interconnected Islands’ (see, RAE Decision 14/2014, Government Gazette 270/B/7-2-2014), has not yet been completed. The relevant decision of RAE shall be issued and shall be published upon completion of the above review.

**OTHER INFORMATION OF NON-COMPULSORY CONTENT**

## **I. AIR LINKS FOR MARGINAL ROUTES**

**Clear and comprehensive description of how the respective services are organised in your Member State.**

Since 2001 (following the approval of the European Commission), the Ministry of Transport and the Civil Aviation Authority (CAA), taking into account the provisions of Article 4 of Council Regulation (EEC) No 2408/92 of 23 July 1992 on access for Community air carriers to intra-Community air routes, as replaced by Regulation 1088/2008 (Articles 16, 17 and 18), moved forward in the implementation of programmes for the provision of public services on regular air routes throughout Greek territory.

The implementation of these programmes has ensured specific levels of air services as regards frequency, capacity and fares, to the great satisfaction of local authorities and local inhabitants, as it has contributed to solving the problem of isolation and supporting further development in these areas.

The obligation for the provision of public services was initially imposed on 10 routes (their exploitation began after a tender process in December 2001), i.e.:

- Athens - Astipalea
- Athens - Ikaria
- Athens - Leros
- Athens - Milos
- Athens - Skiros
- Thessaloniki - Samos
- Thessaloniki - Chios
- Limnos - Mytilini - Chios - Samos - Rhodes
- Rhodes - Karpathos - Kasos
- Rhodes - Kastelorizo

In 2003, 12 more routes were integrated into a programme for the provision of public services. Namely:

- Athens - Kithira
- Athens - Naxos
- Athens - Paros
- Athens - Karpathos
- Athens - Sitia
- Athens - Skiathos
- Thessaloniki - Skiros

- Thessaloniki - Corfu
- Rhodes - Kos - Leros - Astipalea
- Corfu - Aktio - Kefalonia - Zakynthos
- Alexandroupoli - Sitia
- Aktio - Sitia

In 2006, the obligations imposed on the Athens-Astipalea route to Kalimnos and the Rhodes-Karpathos-Kasos route to Sitia were extended.

In 2007, the routes integrated into a programme for the provision of public services were the following:

- Thessaloniki - Kalamata
- Athens-Kalimnos (with the commencement of operations on this route, the Athens-Astipalea route started operating independently again, i.e. without the extension to Kalimnos)
- Thessaloniki-Limnos-Ikaria (the tender for its exploitation proved fruitless)

In 2010, the routes integrated into a programme for the provision of public services were the following:

- Athens - Kozani – Kastoria and
- Thessaloniki - Limnos - Ikaria

During the renewal of the imposed obligations, as of 1 April 2012, the extended routes were the following:

- Rhodes - Kos - Leros - Astipalea, so as to include Kalimnos as an intermediate station, and
- Corfu - Aktio - Kefalonia - Zakynthos – Kithira to Kithira

On 1 April 2012, the routes integrated in a programme for the provision of public services were the following:

- Athens – Siros and  
Athens - Zakynthos

**Explanation of the (typical) forms of assignment. If standardised templates for assignments are used for a certain sector, please attach them.**

The current Obligations for the Provision of a Public Service, as well as the applicable fares on each route are shown in Tables I and II, respectively.

**Average duration of the entrustment (in years) and proportion of entrustments that are longer than 10 years (in %) per sector.**

**Table III** shows the assignment of the exploitation of routes to air operators and the time period for the exploitation thereof.

**Explanation as to whether (typically) exclusive or special rights are assigned to the undertakings.**

Following public, international tenders, the right to the **exclusive exploitation** of the regular air routes has been assigned under Article 16 (9) of Regulation (EC) No 1008/2008.

**Which aid instruments have been used (direct subsidies, guarantees, etc.)?**

Direct subsidy

**Explanation of the (typical) compensation mechanism as regards the respective services, including the aid instrument (direct subsidy, guarantee, etc.) used and whether a methodology based on cost allocation or the net avoided cost methodology is used.**

To determine the amount of the financial compensation, air operators/tenderers are required to submit a financial tender which includes the total amount of the requested financial compensation both per quarter and for the entire duration of the contract (i.e. four years), for the proper fulfilment of the imposed obligations related to the provision of a public service on each route for which an offer is submitted.

More specifically, the financial tender includes:

i. A detailed analysis of the estimated annual **costs (direct and indirect operating cost)** of each service, per route, quarter and year:

The estimated **annual costs of the use** of the aircraft in each route comprise **direct operating costs** (*cost of capital / aircraft lease, crew cost, aircraft insurance, agent commission, aircraft maintenance, fuel, catering, airline fees, cost of ground handling and other direct costs, if any, which the air operator must determine accurately*) and **indirect operating costs** (*marketing and*

*sales expenses, station expenses, administrative costs and other indirect costs, if any, which the air operator must determine accurately).*

ii. A detailed analysis of the estimated **revenue** from the exploitation of the service:

The estimated **annual revenue** is calculated based on the fares already determined per service by the Civil Aviation Authority and included in the tender notice, after also taking into account (per service, quarter and year) the available round-trip, the load factor and the number of passengers.

iii. The reasonable **profit rate** per route and service:

The estimated reasonable profit rate per service, route and year does not exceed 10 % of the total cost (*direct and indirect operating cost*) per route and service (*profit = 10 % \* total Cost*).

As a result of the above, the amount of financial compensation per route and service is determined as the difference between the estimated revenue and the estimated expenses, to which a reasonable profit is added.

Full Template for the Calculation of the Amount of Financial Compensation (**Table IV**)

**Explanation of the (typical) arrangements for avoiding and repaying any overcompensation.**

If only one tender is submitted, which is deemed to be seeking financial compensation that it too high, the tender committee negotiates with the tenderer in order to achieve a reduction in the amount of financial compensation. Usually, a 2-3 % reduction in the profit rate is achieved.

**A short explanation of how the transparency requirements (see Paragraph 7 of the 2012 SGEI Framework) are being complied with.**

The entrustment act is published on the ‘DIAVGEIA’ website and the result of the tender is notified to the Commission by CAA and is published in the Journal of the European Commission.

**Total amount of aid granted**

Note: The compensation paid during the four-year period 2012-2015 is indicated in *Table V*.

2014	2015
<p><b>EUR 41.19 million</b></p> <p>(paid in full by the national central authorities, as non- State aid)</p>	<p><b>EUR 51.62 million</b></p> <p>(paid in full by the national central authorities, as non- State aid)</p>
<b>Share of expenditure per aid instrument (direct subsidy, guarantees etc.)</b>	
2014	2015
<b>100 % direct subsidy</b>	<b>100 % direct subsidy</b>

**TABLE I****Obligations for the Provision of Public Services - Minimum frequency of flights and minimum offered places per week in each route**

PUBLIC SERVICE PROVISION OBLIGATIONS PROGRAMME (Weekly frequencies-Places offered per period)			
	<i>Air route</i>	<i>Weekly Frequencies</i>	<i>Minimum Offered Places (per week)</i>
1	Athens – Astipalea	4 (winter period) 6 (summer period)	120 (winter period) 180 (summer period)
2	Athens – Kalimnos	7 (winter period) 10 (summer period)	175 (winter period) 250 (summer period)
3	Athens - Ikaria	5 (winter period)	175 (winter period)

		9 (summer period)	315 (summer period)
4	Athens – Leros	7 (winter period) 12 (summer period)	210 (winter period) 360 (summer period)
5	Athens - Milos	7 (winter period) 10 (summer period)	245 (winter period) 350 (summer period)
6	Athens – Skiros	2 (winter period) 3 (summer period)	40 (winter period) 60 (summer period)
7	Athens - Kithira	6 (winter period) 8 (summer period)	180 (winter period) 400 (summer period)
8	Athens – Naxos	6 (winter period) 9 (summer period)	180 (winter period) 270 (summer period)
9	Athens - Paros	10 (winter period) 20 (summer period)	200 (winter period) 400 (summer period)
10	Athens – Karpathos	7 (winter period) 10 (summer period)	350 (winter period) 500 (summer period)
11	Athens - Sitia	5 (winter period) 7 (summer period)	200 (winter period) 280 (summer period)
12	Athens – Skiathos	2 (winter period) 7 (summer period)	30 (winter period) 280 (summer period)

13	Thessaloniki - Samos	3 (winter period) 5 (summer period)	180 (winter period) 300 (summer period)
14	Thessaloniki – Chios	3 (winter period) 5 (summer period)	180 (winter period) 300 (summer period)
15	Thessaloniki - Corfu	4 (winter period) 5 (summer period)	200 (winter period) 250 (summer period)

16	Thessaloniki - Skiros	2 (winter period) 3 (summer period)	30 (winter period) 45 (summer period)
17	Thessaloniki – Kalamata	2 (winter period) 4 (summer period)	100 (winter period) 200 (summer period)
18	Limnos – Mytilini – (Chios – Samos) – Rhodes  Limnos – Mytilini – Chios – Rhodes  Limnos – Mytilini – Samos - Rhodes	Limnos – Mytilini – Rhodes: <i>2 throughout the year</i>  The other routes: 1 <i>throughout the year</i>	40 <i>throughout the year</i>      20 <i>throughout the year</i>
19	Rhodes - Kastelorizo	4 (winter period) 7 (summer period)	80 (winter period) 140 (summer period)
20	Rhodes – Karpathos – Kasos – Sitia  Rhodes – Karpathos  Rhodes – Karpathos – Kasos - Sitia	Rhodos - Karpathos 5 (winter period)  7 (summer period)  4 (winter period) 7 (summer period)	150 (winter period)  210 (summer period)  120 (winter period) 210 (summer period)
21	Rhodes – Kos – Kalymnos – Leros – Astipalea	2 (winter period) 3 (summer period)	50 (winter period) 75 (summer period)
22	Corfu – Aktio –	2 (winter period)	50 (winter period)

	Kefalonia – Zakynthos – Kithira	3 (summer period)	75 (summer period)
23	Alexandroupoli – Sitia	2 (winter period) 3 (summer period)	50 (winter period) 75 (summer period)

24	Aktio – Sitia	2 (winter period) 3 (summer period)	50 (winter period) 75 (summer period)
25	Athens – Kozani – Kastoria	Athens – Kastoria (2)  Athens – Kozani – Kastoria (3)	(60) <i>throughout the year</i>  (120) <i>throughout the year</i>
26	Thessaloniki – Limnos – Ikaria	5 (winter period) 6 (summer period)	150 (winter period) 180 (summer period)
27	Athens – Siros	6 <i>throughout the year</i>	(120) <i>throughout the year</i>
28	Athens – Zakynthos	5 (winter period) 7 (summer period)	175 (winter period) 350 (summer period)

**TABLE II**

**Fares**

The reference value of a single economy class fare cannot exceed the following amounts:

<i>Air route</i>	<i>Fare value</i>
Athens – Astipalea	EUR 66.5
Athens – Ikaria	EUR 60.2
Athens – Leros	EUR 67.6
Athens – Milos	EUR 49.7
Athens – Skiros	EUR 53.6
Thessaloniki – Samos	EUR 84.4
Thessaloniki – Chios	EUR 74

Limnos – Rhodes	EUR 72.8
Limnos – Mytilini	EUR 49.7
Limnos – Chios	EUR 49.7
Limnos – Samos	EUR 49.7
Mytilini – Chios	EUR 41.5
Mytilini – Samos	EUR 49.7
Mytilini – Rhodes	EUR 66.5
Chios – Samos	EUR 41.5
Chios – Rhodes	EUR 55
Samos – Rhodes	EUR 49.7
Rhodes – Kasos	EUR 47.6
Rhodes – Karpathos	EUR 41.5
Karpathos – Kasos	EUR 35
Rhodes - Kastelorizo	EUR 39
Athens – Kithira	EUR 56
Athens – Naxos	EUR 70.7
Athens – Paros	EUR 69.7
Athens – Karpathos	EUR 81.2
Athens – Sitia	EUR 79.1
Athens – Skiathos	EUR 61.3
Thessaloniki – Corfu	EUR 78
Rhodes – Kos	EUR 54
Rhodes – Astipalea	EUR 60.2
Rhodes – Leros	EUR 60.2
Kos – Astipalea	EUR 60.2

Kos – Leros	EUR 54
Astipalea – Leros	EUR 54
Corfu – Aktio	EUR 48.7
Corfu – Kefalonia	EUR 48.7
Corfu – Zakynthos	EUR 60.2
Aktio – Kefalonia	EUR 43.5
Aktio – Zakynthos	EUR 48.7

Kefalonia – Zakinthos	EUR 48.7
Athens – Kalimnos	EUR 80
Thessaloniki – Kalamata	EUR 92
Rhodes – Sitia	EUR 56
Karpathos – Sitia	EUR 56
Kasos – Sitia	EUR 50.8
Alexandroupoli – Sitia	EUR 87.5
Aktio – Sitia	EUR 87.5
Rhodes – Kalimnos	EUR 58
Kos – Kalimnos	EUR 48
Kalimnos – Leros	EUR 48
Astipalea – Kalimnos	EUR 50
Corfu – Kithira	EUR 65
Aktio – Kithira	EUR 53
Kefalonia – Kithira	EUR 50
Zakinthos – Kithira	EUR 48
Thessaloniki – Skiros	EUR 80.4
Athens – Skiros	EUR 60

Athens – Zakinthos	EUR 58
Athens – Kozani	EUR 60
Athens – Kastoria	EUR 70
Kozani – Kastoria	EUR 35
Thessaloniki – Limnos	EUR 65
Thessaloniki – Ikaria	EUR 75
Limnos - Ikaria	EUR 45

The above fares do not include VAT and fees imposed by Athens International Airport ‘Eleftherios Venizelos’ on departing passengers.

Finally, pursuant to Article 16(c) of Law 2892/2001, no Airport Modernisation and Development Fee (TEAA) is imposed on the air links included in the Public Service Provision Obligation Programme (Marginal Routes).

**TABLE III**

	<b>ROUTE</b>	<b>AIR OPERATOR THAT OPERATES THE ROUTE</b>	<b>CONTRACT VALIDITY PERIOD</b>
1.	Athens – Astipalea	OLYMPIC AIR	01/04/2012-31/03/2016
2.	Athens – Ikaria	OLYMPIC AIR	01/04/2012-31/03/2016
3.	Athens – Leros	OLYMPIC AIR	01/04/2012-31/03/2016
4.	Athens – Milos	OLYMPIC AIR	01/04/2012-31/03/2016
5.	Thessaloniki – Samos	ASTRA AIRLINES	01/04/2012-31/03/2016

6.	Thessaloniki – Chios	ASTRA AIRLINES	01/04/2012-31/03/2016
7.	Limnos – Mytilini – Chios – Samos – Rhodes	SKY EXPRESS	01/04/2012-31/03/2016
8.	Rhodes – Karpathos – Kasos – Sitia	OLYMPIC AIR	01/04/2012-31/03/2016
9.	Alexandroupoli – Sitia	SKY EXPRESS	01/04/2012-31/03/2016
10.	Aktio – Sitia	SKY EXPRESS	01/04/2012-31/03/2016
11.	Athens – Kithira	OLYMPIC AIR	01/04/2012-31/03/2016
12.	Athens – Naxos	OLYMPIC AIR	01/04/2012-31/03/2016
13.	Athens – Paros	OLYMPIC AIR	01/04/2012-31/03/2016
14.	Athens – Karpathos	OLYMPIC AIR	01/04/2012-31/03/2016

15.	Athens - Sitia	ASTRA AIRLINES	01/04/2012- 31/03/2016
16.	Athens – Skiathos	OLYMPIC AIR	01/04/2012- 31/03/2016
17.	Thessaloniki – Corfu	ASTRA AIRLINES	01/04/2012- 31/03/2016
18.	Rhodes – Kos – Leros – Kalymnos – Astypalea	OLYMPIC AIR	01/04/2012- 31/03/2016
19.	Corfu – Aktio – Kefalonia – Zakynthos – Kithira	SKY EXPRESS	01/04/2012- 31/03/2016

20.	Athens – Kalimnos	OLYMPIC AIR	01/04/2012- 31/03/2016
21.	Thessaloniki – Kalamata	ASTRA AIRLINES	01/04/2012- 31/03/2016
22.	Athens – Skiros	AEGEAN AIRLINES	01/04/2012- 31/03/2016
23.	Thessaloniki – Skiros	SKY EXPRESS	01/04/2012- 31/03/2016
24.	Rhodes – Kastelorizo	OLYMPIC AIR	01/04/2012- 31/03/2016
25.	Athens – Kozani – Kastoria	SKY EXPRESS  ASTRA AIRLINES	01/07/2010- 30/04/2015  <b>From</b> <b>01/05/2015</b>
26.	Thessaloniki – Limnos – Ikaria	SKY EXPRESS  ASTRA AIRLINES	01/09/2010- 30/04/2015  <b>From</b> <b>01/05/2015</b>
27.	Athens – Siros	OLYMPIC AIR	01/04/2012- 31/03/2016
28.	Athens – Zakynthos	OLYMPIC AIR	01/04/2012- 31/03/2016

**TABLE IV**

**TEMPLATE FOR COMPLETING THE  
FINANCIAL TENDER INFORMATION**

**1. ESTIMATED ANNUAL REVENUE**

Based on the fares mentioned in the technical tender, the estimated annual revenue (on a quarterly basis from the start date of the routes) is presented as follows:

<b>Service:.....</b>	<b>1<sup>st</sup> quarter</b>	<b>2<sup>nd</sup> quarter</b>	<b>3<sup>rd</sup> quarter</b>	<b>4<sup>th</sup> quarter</b>	<b>Annual total</b>
Available capacity (round-trip)					
Average load factor					
Number of passengers					
Revenues					

**2. ESTIMATED ANNUAL EXPENSES**

Each of the three tables below should be completed per flight and on a quarterly basis from the scheduled start date of the flights.

<b>Service:.....</b>	<b>Per flight</b>	<b>Per quarter</b>				<b>Annual total</b>
		<b>1<sup>st</sup> quarter</b>	<b>2<sup>nd</sup> quarter</b>	<b>3<sup>rd</sup> quarter</b>	<b>4<sup>th</sup> quarter</b>	
Aircraft utilisation (in block hours)						
Trip Length (in nautical miles)						

Block time (in minutes)						
Block time (in hours)						
Block fuel (in Kg)						
Direct costs	Per flight	Per quarter				Annual total
		1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	
Aircraft: Cost of Capital/Lease						
Crew						
Insurance						
Agent Commission						
Maintenance						
Fuel						
Catering (Catering)						
Duties						
Ground handling						
Other (specify)						
<b>TOTAL</b>						

Indirect costs	Per	Per quarter				Annual
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	

(in EUR)	flight	quarter	quarter	quarter	quarter	total
Marketing						
Sales						
Station Expenses						
Administrative						
Other (specify)						
<b>TOTAL</b>						

### 3. CONSIDERATION

The amount of financial compensation required by the candidate air carrier for the operation of flights for the air service ..... per flight, per quarter, per year, in detail and in total for the four years is:

	Per flight	Per quarter				Annual total
		1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	
<b>Total Costs (direct + indirect)</b>						
<b>- Revenues</b>						
<b>= Difference</b>						

<b>+ Profit (percentage of profit* Total Cost)</b>						
<b>= <u>Financial compensation sought</u></b>						

#### TOTAL FINANCIAL COMPENSATION. FOUR-YEAR PERIOD:

.....

*TABLE V*

#### **TOTAL FINANCIAL COMPENSATION PAID DURING THE FOUR-YEAR PERIOD 2010-2015**

**In million EUR**

**(actual disbursements after the relevant audits were completed)**

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>47.86</b>	<b>49.52</b>	<b>41.19</b>	<b>51.62</b>

## II. MARITIME LINKS FOR MARGINAL ROUTES

<b>Clear and comprehensive description of how the respective services are organised in your Member State.</b>
Explanation of what kind of services, in the respective sector, have been defined as SGEI in your Member State. Please list the <b>contents of the services entrusted as SGEI</b> as clearly as possible
<p>In order to provide the public with adequate transport services, public service contracts are concluded between the Greek State and the Community shipowners following a public, international, open tender procedure, in accordance with the provisions of Article 4 of Council Regulation (EEC) No 3577/92 of 7 December 1992, Article 8 of Law 2932/2001 (A 145), as amended and currently in force, and Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004, which was transposed into the Greek legislation with presidential decree 60/2007 (A 64).</p> <p>The contract notice and thus the conclusion of the public service contracts only take place if it has been determined, for each route under procurement, that either there is lack of business interest for operating transport services or the existing regular transport services would be inadequate if their provision was left to market forces alone; furthermore, the details of the routes under procurement are clearly defined in the notice of invitation to tender.</p> <p>The maritime routes which are served under public service contracts concern maritime links on which the average annual traffic during the two financial years preceding that in which the service was assigned does not exceed 300,000 passengers.</p> <p>Under the public service contracts in question, specific maritime routes are operated, which on the one hand ensure a satisfactory level of the provided services (frequency, fares, etc.) and on the other hand connect the densely-populated Greek islands with the mainland, thus making a decisive contribution to the economic, social and territorial cohesion of Greece.</p>
Explanation of the (typical) <b>forms of entrustment</b> . If standardised templates for entrustments are used for a certain sector, please attach these.
The public service contracts are concluded following a public, international, open tender procedure, in accordance with the provisions of Article 4 of the Council Regulation (EEC) No 3577/92 of 7 December 1992, Article 8 of Law 2932/2001 (A 145), as amended and currently in force, and Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004, which was transposed into Greek legislation with presidential decree 60/2007 (A 64).
<b>Average duration of the entrustment (in years) and proportion of entrustments that are longer than 10 years</b> (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified.
Due to fiscal problems, the duration of the public service contracts, at a percentage of around 75 %,

<p>is one year. The proportion of entrustments that are longer than 10 years is around 12 % and refer to public service contracts concluded in the years 2009 and 2010.</p> <p>The possibility of concluding public service contracts for a duration of up twelve (12) years is expressly provided for in Article 8(5) of Law 2932/2001 (A 145) and is in full compliance with the sectoral Community legislation. More specifically, in paragraph 5.7 of the Communication from the Commission on the interpretation of Council Regulation (EEC) No 3577/92 of 7 December 1992 COM (2014) 232 final of 22 April 2014, the Commission clearly takes the view that a longer duration of contracts, of 12 years, might be acceptable, since experience, and particularly a study carried out on behalf of the Commission, shows that ‘small islands’ could be understood to mean islands where the total annual number of passengers carried by sea to and from the island is around 300 000 or fewer.</p>
<p><b>Explanation as to whether (typically) exclusive or special rights are assigned to the undertakings.</b></p>
<p>No exclusive or special rights have been assigned to the undertakings in question.</p>
<p><b>Which aid instruments have been used (direct subsidies, grants, guarantees, etc.)?</b></p>
<p>The cost for the operation of the routes is covered by national sources and more specifically from the State Budget KAE 2131 ‘Marginal Routes Grants’ of the special body 41-140</p>
<p><b>Explanation of the (typical) compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.</b></p>
<p>In accordance with the Altmark criteria, on the one hand, the parameters on the basis of which the compensation is calculated must be established in advance in an objective and transparent manner, and on the other hand, the compensation cannot exceed what is necessary to cover all or part of the costs incurred in discharging the public service obligation, taking into account the relevant receipts and a reasonable profit for discharging those obligations.</p> <p>The conditions of the contract notice define, in a clear, objective and transparent manner, the maximum compensation limit per case, which is different and specific to each route. In this way, in order to define the compensation, the consumption of fuel required to cover the distance in nautical miles between the linked ports, the length of the ship, its age, its capacity in passengers as well as its capacity in vehicles, are taken into account, as specified by the Maritime Transport Committee of Law 2933/2001.</p> <p>The shipowners of the Community who participate in the tender are invited to submit an offer lower than the offer of the State for each route under procurement.</p> <p>Thus, taking into account that the tender procedure is open (international, public tender procurement), the compensation is in fact defined in accordance with the market price for the provision of the service, i.e. to cover the net cost (including a reasonable margin of profit), envisaged by each tenderer.</p>
<p><b>Explanation of the (typical) arrangements for avoiding and repaying any overcompensation.</b></p>
<p>Taking into account the fact that, firstly, the maximum compensation offered is defined in</p>

advance and is known to the EU shipowners who participate in the tender and, secondly, that each EU shipowner decides whether he will submit an offer in the tender, solely on the basis of business and/or economic criteria, it is evident that the lower price criterion, as a criterion for the selection of the lowest bidder among the EU shipowners who will express their desire to participate in the tender, is a guarantee that the compensation offered does not exceed what is necessary for the provision of the public service.

**A short explanation of how the transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI) are being complied with.

The choice of an open tender procedure (Article 1(11) of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004), which constitutes a guarantee for a transparent and fair procedure, as opposed to a restricted or negotiated procedure, and also the rules regarding the publication of the notice and the time limit for receipt of tenders (Article 38 of Directive 2004/18/EC), which must be fifty-two (52) days from the date on which the contract notice was sent to the Office for Official Publications of the European Communities, constitute a procedure which effectively minimises the distortion of the competition.

**Amount of aid granted**

**Total amount of aid granted.** This includes all aid granted in your territory, including aid granted by regional and local authorities **for the years 2014 and 2015.**

2014	2015
<b>Budget: EUR 81.0 million</b> (paid in full by the national authorities, as non-State aid)	<b>Budget: EUR 88.1 million</b> (paid in full by the national authorities, as non-State aid)

**Share of expenditure per aid instrument (direct subsidy, guarantees etc.), if available**

2014	2015
<b>100 % direct subsidy</b>	<b>100 % direct subsidy</b>

**Additional quantitative information** (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings).