

# **Services of General Economic Interest Report 2016**

## **Ireland**

### **1. DESCRIPTION OF THE APPLICATION OF THE SGEI DECISION AND THE SGEI FRAMEWORK AND AMOUNT GRANTED**

#### **SGEI compensation under the Framework: State aid SA.37030 (2013/N) – Ireland Sale of State assets (ESB Peat Stations) – SGEI Framework 2011**

The below is a description of the scheme as it is currently operated. In the context of a change in ownership of the ESB assets (see paragraphs 14 to 18 of the notification), the change in ownership will be the only alternation made to the public service obligations and the compensation scheme.

In 2001, Ireland notified the Commission of a compensation scheme related to certain public service obligations imposed on the Electricity Supervisory Board (ESB). By letter dated 30 October 2001 (N 6/A/2001) (OJ C 77, 28.3.2002, p. 26), the Commission considered the compensation scheme as compatible with the Treaty.

The notified measure is a modification of this compensation scheme. The modification solely consists of the transfer of the compensation to a new beneficiary.

In the initial decision, the Commission approved a scheme by which Ireland would compensate ESB, the incumbent electricity operator owned by the Irish State, for the costs incurred in discharging certain public service obligations.

The public service obligations concern the building and the operation of two new peat-fired generation stations.

Irish law required ESB to have at its disposal each year a certain quantity of electricity generated out of peat, equivalent to the quantity of electricity that would have been generated with 15% of the overall primary energy necessary to produce the electricity consumed in Ireland in one year.

After having examined different scenarios for meeting its target of peat-fired electricity generation, ESB settled for the most economical option, which consisted in accelerating the closure of six existing stations and in building two new and more efficient stations.

This translated into five separate public service obligations to be imposed on ESB:

- (a) to build and to commission two new peat stations in Lough Ree and West Offaly;
- (b) to take the output of the two stations until 2019;
- (c) to fuel the new stations with peat bought from Bord na Móna, the dominant producer of peat in Ireland, on terms equivalent to the Fuel Supply Agreement between that

company and Edenderry Power Ltd., another undertaking generating electricity from peat;

(d) to take the output of the old peat stations until they were decommissioned;

(e) to purchase the output of the peat station owned by Edenderry Power Ltd.

Given that the cost for generating electricity in the two new stations was and still is above the average market price for electricity, ESB is not able to completely recover its costs through the market.

Therefore, Ireland proposed to set up a scheme for the compensation of the share of the costs that ESB could not cover by selling electricity. This share is equivalent to the difference between ESB's costs for discharging the public service obligations (i.e. the costs for taking the electricity output of the old stations, for removal of the old stations, for the building of the new stations, for taking the electricity output of the new stations and for taking the output of the Edenderry Power station) and ESB's revenues out of the public service obligations.

The exact costs are calculated each year by the Commission for Electricity Regulation (CER), the Irish regulator. A distinction is made between uncontrollable costs, which are certified by the CER as incurred (local rates, use of system charges, the cost of peat supplied by Bord na Móna), and controllable costs (payroll, materials, operation and maintenance of the stations). These latter costs, whose behaviour ESB can influence, are measured against a benchmark (projections made at the time when the public service obligations were initially imposed) and may be subject only to partial compensation, depending on how efficient ESB is in discharging its obligations. Efficiency gains are not left to ESB, but reduce the incurred costs and thus the amount of compensation.

In determining the costs, the CER first makes an estimate about the costs which will be incurred to discharge the public service obligations in the coming year, an estimate which is corrected ex post by increasing or reducing the compensation accordingly.

The costs are recovered through a levy imposed on all subscribers to the electricity grid and collected by the State-owned Transmission System Operator (TSO). The levy is based on the capacity of the grid connection.

The total amount granted in relation to this scheme is €767,611,479 for the duration of the PSO from 2003 to 2016.

**For each of the items outlined above please provide information in the form of the following table:**

<b>Clear and comprehensive description of how the respective services are organized in your Member State<sup>1</sup></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 the initial decision of 2001, the Commission considered that the obligation imposed on ESB to have at its disposal a specific quantity of electricity generated out of peat equivalent to that which would be generated annually by using 15% of the overall primary energy necessary to produce the electricity consumed in Ireland, constitutes an obligation to fulfil a service of general economic interest relating to security of supply.</p> <p>In the decision of 2013 The Commission noted that this SGEI for security of supply purposes, which was not manifestly erroneous, was based on a financing regime providing for a continued operation of the two plants until 2019. The obligations were and remain defined as including the building, commissioning and operation of the two power stations, which were set up on this basis and which are now planned for sale. The entrustment of the public service obligations to a new operator does not modify the justification of the entrustment.</p> <p>Therefore, the Commission saw no reason in 2013 to depart from its initial assessment, as far as the operation of the two plants in the case at hand until 2019 is concerned, and thus concluded that the SGEI relating to the security of electricity supply is genuine and correctly defined in the present case, for the same reasons explained in the initial decision.</p>
Explanation of the (typical) <b>forms of</b>	The public service obligations were imposed on

<sup>1</sup> If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

<p><b>entrustment.</b> If standardized templates for entrustments are used for a certain sector, please attach them.</p>	<p>ESB through the statutory instrument S.I. 217/2002 – Electricity Regulation Act 1999 (Public Service Obligations) Order 2002. S.I. 217 of 2002 specifies the content of the public service obligations, their respective duration, as well as the parameters for calculating the compensation. The duration of 15 years is appropriate in view of the lifetime of this kind of plants.</p> <p>Ireland has informed the Commission that a statutory instrument of equal status, effect and substantially identical content would be executed in order to transfer the public service obligations to the prospective purchaser (likely by just amending S.I. 217 to substitute the purchaser’s name for that of ESB). The Commission has stated that it considers that the requirements in points 15 to 17 of the SGEI framework are met.</p>
<p>Explanation of the (typical) <b>duration of the entrustment</b> and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.</p>	<p>Fifteen years – see above. The Commission has deemed this duration appropriate in the view of the life time of electricity generating plants.</p>
<p>Explanation whether (typically) <b>exclusive or special rights</b> are assigned to the undertakings.</p>	<p>SI 217 of 2002 accords priority dispatch to the generating stations subject to that Order.</p>
<p>Explanation of the (typical) <b>compensation mechanism</b> 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.</p>	<p>According to point 21 of the SGEI Framework, the “compensation must not exceed what is necessary to cover the net cost of discharging the public service obligations, including a reasonable profit”. In the initial decision, the Commission found the compensation granted to ESB to be proportionate to the costs incurred by discharging the public service obligations.</p> <p>The compensation mechanism is based on the cost allocation methodology, meaning that the compensation is determined as the difference between the cost to ESB of generating the peat-fired electricity and the total revenues derived by ESB from selling this electricity to customers.</p> <p>Given that the cost allocation method focuses only on the public service obligations as such</p>

	<p>(and the costs and revenues of fulfilling them), an assessment based on this method is easily severable from the actual operator and therefore appears to be suited for an assessment where the future operator is not yet known. Moreover, it is the methodology which was approved by the Commission in the initial decision, on the basis of a 15-year support period until the end of 2019. Applying the cost allocation methodology would therefore ensure the highest degree of continuity. In contrast, the net avoided cost methodology, which is described in point 27 of the SGEI Framework as the preferred methodology, is based on a comparison of a given provider's situation with and without the public service obligations to fulfil. However, for such an assessment to be meaningful in the case at hand, the identity and the activities of the future provider would need to be known already, which is not the case. Therefore, it appears to be duly justified to apply the cost allocation methodology, in line with points 27 et seq. of the SGEI Framework.</p> <p>The Commission also held that the rate of return was in line both with the standard rate of return undertakings in the electricity sector would expect from this kind of investment and with the rate of return the CER was applying in its yearly electricity market price estimate (recital 50). This assessment is still valid. In particular, Ireland has indicated that ESB's actual rate of return has in fact been slightly lower, due to extended outage periods arising out of defects in the generators as they were originally installed.</p>
<p>Explanation of the (typical) <b>arrangements for avoiding and repaying any overcompensation.</b></p>	<p>The compensation mechanism distinguishes between uncontrollable costs, which are fully compensated, and controllable costs, which may only be compensated to some extent, depending on efficiency. Therefore, the compensation mechanism also features efficiency incentives.</p> <p>Moreover, the undertaking concerned is required to separately account for the costs incurred in discharging the public service obligations. Finally, each year, in order to prevent overcompensation, the CER makes, on the basis of information communicated by ESB, an ex-ante estimate of the costs to be incurred in providing the service of general economic</p>

	<p>interest in the following year. This estimate is then corrected ex post on the basis of the actual data, with the possibility for the CER to deduct any excessive compensation from the compensation in the following year.</p> <p>IN the 2013 letter the Commission stated that it was satisfied that the mechanism of calculating the compensation is in line with the SGEI Framework.</p>
<b>Amount of aid granted</b>	
<b>Total amount of aid granted.</b> <sup>2</sup> <u>This includes all aid paid in your territory, including aid paid by regional and local authorities.</u>	<p>From 2003 to 2016 aid granted in relation to the obligations outlined above = €767,611,479</p> <p>Full details are available in the PSO Levy decision papers published on the CER website:</p> <p><a href="http://www.cer.ie">www.cer.ie</a></p>
<b>other quantitative information</b> <sup>3</sup>	N/A

## 2. DIFFICULTIES WITH THE APPLICATION OF THE SGEI DECISION OR SGEI FRAMEWORK

There have been no particular difficulties with the application of the SGEI decision or framework.

## 3. COMPLAINTS BY THIRD PARTIES

There have been no particular complaints in relation to the State Aid accorded under the SGEI Framework.

<sup>2</sup> As stipulated in Article 9 b) of the SGEI Decision and Para. 62 b) of the SGEI Framework. Please provide a breakdown by calendar year.

<sup>3</sup> The Commission would welcome data that you might have on aid granted under the SGEI Decision and the SGEI Framework, for example number of beneficiaries per sector, average amount of aid, amount per aid instrument (direct subsidy, guarantee, etc.), size of the undertakings, etc. Should such other quantitative information data not be readily available in a Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

#### **4. MISCELLANEOUS**

##### **A. (non-compulsory)**

If your Member State has **not** granted State aid for the provision of SGEI in certain sectors, information regarding other instruments to ensure the provision of those services (direct aid to users, compensation complying with all four Altmark criteria, *de minimis* aid...) could be useful. Please feel free to provide a brief description of these instruments and the areas in which they are used.

**NIL**

##### **B. (non-compulsory)**

Please describe in what respect the SGEI Decision and the SGEI Framework are easier to apply or more appropriate than the 2005 SGEI Decision and 2005 SGEI Framework.

**NIL**

##### **C. (non-compulsory)**

If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

**NIL**

# 1. DESCRIPTION OF THE APPLICATION OF THE SGEI DECISION AND THE SGEI FRAMEWORK AND AMOUNT GRANTED

SGEI compensation under the Framework

- a) **State Aid SA.41702 (2016/NN) – Ireland Risk Equalisation Scheme** - Health Insurance Risk Equalisation Scheme 2016 (replaced SA.34515 Health Insurance Risk Equalisation Scheme 2013-2015)

**For each of the items outlined above please provide information in the form of the following table:**

<b>Clear and comprehensive description of how the respective services are organized in your Member State<sup>4</sup></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 its decision of the 29 January 2016, ref. State Aid SA. 41702 (2016/NN), the Commission noted that the compensation granted through the Risk Equalisation Scheme for the provision of private medical insurance in Ireland for the period 2016-2020 constitutes State aid that is compatible with the internal market under the 2012 SGEI Framework. The principles set out in the Framework and their application to the Risk Equalisation Scheme are outlined below.</p> <p>The previous Commission decisions on the 2003 RES, the Interim Scheme for 2008-2012 and the 2013 RES, as well as the BUPA case law, accepted that the provision of private health insurance cover under the conditions of community rating, open enrolment, lifetime cover and minimum benefits is an SGEI. The obligations imposed on health insurers operating in the market were also accepted as SGEI obligations. The 2016 RES does not alter the nature of either the service provided or the obligations on insurers.</p>
Explanation of the (typical) <b>forms of entrustment</b> . If standardized templates for entrustments are used for a certain sector, please attach	The Risk Equalisation Scheme is provided for by the Health Insurance Act 1994 (as amended), and the Stamp Duties Consolidation Act 1999 (as amended), and specifies the public service obligations of all undertakings wishing to provide their services on the health insurance market in Ireland. The

<sup>4</sup> If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.



them.	compensation mechanism and the parameters for calculating, monitoring and reviewing the compensation are described in the Health Insurance Act 1994 (as amended). The text of the 2012 SGEI Framework is included in an annex to the legislation.
Explanation of the (typical) <b>duration of the entrustment</b> and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.	The SGEI Framework requires that the duration of the period of entrustment is "justified by reference to objective criteria". However, the Commission is of the view that, given the peculiarities of the 2016 RES (as was the case under the 2013 RES), the unspecified duration does not raise particular concerns. The requirement that the entrustment is limited in time is meant to avoid long-term foreclosure of the market, but under the RES all insurers are entrusted with the SGEI and are therefore potential beneficiaries of the scheme. The Commission also notes that Ireland has in any event notified the 2016 RES for a period of five years. As Ireland may in time notify prolongations or modifications of the measure, the 2016 RES will be periodically reviewed, thereby ensuring a check on the correct functioning of the Irish PMI market and avoiding the risk of foreclosure of the market.
Explanation whether (typically) <b>exclusive or special rights</b> are assigned to the undertakings.	Under the Risk Equalisation Scheme all health insurers are entrusted with the SGEI and all are potential beneficiaries of the scheme.
Explanation of the (typical) <b>compensation mechanism</b> 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.	<p>All insurers are required to maintain separate accounts for their health insurance business and submit this financial data to the HIA. The annual HIA Report to the Minister for Health on the evaluation and analysis of returns including advice on risk equalisation credits sets out the profitability of insurers for the previous calendar year. A redacted version of this report is published on the Department of Health's website. The accounts submitted to the HIA differ from published accounts, which may have been finalised on a different date and may include business other than private health insurance business. As the insurers are in competition, the accounts submitted are not publicly disclosed. The data submitted by insurers to the HIA provides transparency to the HIA on the impact of the scheme on individual insurers and the market and is critical in informing the HIA's assessment of any overcompensation that may occur.</p> <p>The HIA's annual report, which is published on its website and laid before the Houses of the Oireachtas, also contains a report on</p>

	<p>the Risk Equalisation Fund and associated financial statements for the calendar year. The financial statements of the Risk Equalisation Fund are independently audited by the Comptroller and Auditor General and set out a true and fair view of the transactions of the Fund and of the state of its affairs.</p> <ul style="list-style-type: none"> <li>• <b>Compliance with Union public procurement rules (2.6)</b></li> </ul> <p>Since any operator wishing to provide its services on the private health insurance market is entrusted with the SGEI and may potentially benefit from the Risk Equalisation Scheme, it is not necessary to use the public procurement rules in order to ensure compliance with the 2012 SGEI Framework in this case.</p> <ul style="list-style-type: none"> <li>• <b>Absence of discrimination (2.7)</b></li> </ul> <p>The Risk Equalisation Scheme operates in an identical manner in respect of all insurers on the Irish private health insurance market. It is based on objective criteria: the payments to insurers are determined based on the number of insured individuals falling within clearly defined categories (depending on age, gender and level of coverage as well as hospital utilisation).</p>
Explanation of the (typical) <b>arrangements for avoiding and repaying any overcompensation.</b>	<p>The method for compensation depends on objective and easily verifiable parameters, namely the number of persons insured by each insurer in each of the categories – i.e. depending on age, gender, and defined level of cover, as well as with reference to hospital utilisation. The Risk Equalisation Scheme only partially compensates for deviations in risk in relation to the average of the insured Irish population. It does not achieve full risk equalisation and would therefore not normally lead to overcompensation.</p> <p>Under the Scheme, the Health Insurance Authority carries out an overcompensation test in accordance with the 2012 SGEI Framework in order to verify that no company is over-compensated.</p> <p>All insurers are required to maintain and furnish to the Health Insurance Authority, in respect of each year, statements of profit and loss as well as certified balance sheets in respect of its health insurance business, as well as to furnish to the Health Insurance Authority such other information relating to the year as may be prescribed. In its over-compensation test, the Health Insurance Authority determines overcompensation based on forward-looking benchmarking calculations. For the period 2016-2020 overcompensation (return in excess of reasonable profit) will be deemed to have occurred where the net beneficiary's ROS gross of</p>

	<p>reinsurance and excluding investment activities exceeds 4.4% per annum, calculated on a rolling three year basis.</p> <p>If it is determined that a net beneficiary of the scheme has made a profit which is in excess of the reasonable profit the insurer will be obliged to repay to the Risk Equalisation Fund the amount by which it has been overcompensated.</p>																																																	
Amount of aid granted																																																		
<p><b>Total amount of aid granted.</b><sup>5</sup> This <u>includes all aid paid in your territory, including aid paid by regional and local authorities.</u></p>	<p>The Risk Equalisation Fund, through which all risk equalisation payments are administered, was established in 2013. The audited accounts of the Risk Equalisation Fund are included in the Health Insurance Authority’s annual report and are published on its website, <a href="http://www.hia.ie/publication/annual-reports-accounts">http://www.hia.ie/publication/annual-reports-accounts</a>.</p> <table><tr><th colspan="2">Total amount of aid</th></tr><tr><th>Year</th><th>Aid (in million EUR)</th></tr><tr><td>2015</td><td>586.8</td></tr><tr><td>2014</td><td>522</td></tr><tr><td>2013</td><td>299.4</td></tr></table> <p><b>Health credits and community rating stamp duty for policies renewing from 1 March 2015 to 29 February 2016:</b></p> <table><tr><th rowspan="2">Age range</th><th colspan="2">Non-advanced cover</th><th colspan="2">Advanced cover</th></tr><tr><th>Male</th><th>Female</th><th>Male</th><th>Female</th></tr><tr><td><b>60-64</b></td><td>€200</td><td>€150</td><td>€425</td><td>€300</td></tr><tr><td><b>65-69</b></td><td>€525</td><td>€350</td><td>€1,075</td><td>€725</td></tr><tr><td><b>70-74</b></td><td>€825</td><td>€600</td><td>€1,750</td><td>€1,200</td></tr><tr><td><b>75-79</b></td><td>€1,025</td><td>€800</td><td>€2,250</td><td>€1,700</td></tr><tr><td><b>80-84</b></td><td>€1,475</td><td>€1,025</td><td>€2,975</td><td>€2,125</td></tr><tr><td><b>85+</b></td><td>€1,750</td><td>€1,125</td><td>€3,725</td><td>€2,475</td></tr></table> <p>A hospital bed utilisation payment of €90 is paid in respect of each</p>	Total amount of aid		Year	Aid (in million EUR)	2015	586.8	2014	522	2013	299.4	Age range	Non-advanced cover		Advanced cover		Male	Female	Male	Female	<b>60-64</b>	€200	€150	€425	€300	<b>65-69</b>	€525	€350	€1,075	€725	<b>70-74</b>	€825	€600	€1,750	€1,200	<b>75-79</b>	€1,025	€800	€2,250	€1,700	<b>80-84</b>	€1,475	€1,025	€2,975	€2,125	<b>85+</b>	€1,750	€1,125	€3,725	€2,475
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<sup>5</sup> As stipulated in Article 9 b) of the SGEI Decision and Para. 62 b) of the SGEI Framework. Please provide a breakdown by calendar year.

night spent in private or semi-private accommodation by an insured person.

Community Rating Stamp Duty	Non-advanced cover	Advanced cover
Under 18	€80	€135
Over 18	€240	€399

**Health credits and community rating stamp duty for policies renewing from 1 March 2016 onwards:**

Age range	Non-advanced cover		Advanced cover	
	Male	Female	Male	Female
<b>60-64</b>	€0	€0	€0	€0
<b>65-69</b>	€575	€375	€1,125	€800
<b>70-74</b>	€900	€675	€1,800	€1,300
<b>75-79</b>	€1,175	€850	€2,550	€1,900
<b>80-84</b>	€1,550	€1,100	€3,375	€2,375
<b>85+</b>	€1,775	€1,250	€4,150	€2,775

A hospital utilisation credit is paid in respect of each overnight stay by an insured person. A utilisation credit of €30 is paid for each day-case admission by an insured person.

<b>Overnight</b>	€90.00
<b>Day-Case</b>	€30.00

Community Rating Stamp Duty	Non-advanced cover	Advanced cover
Under 18	€67	€134
Over 18	€202	€403

other quantitative information <sup>6</sup>	
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## 2. DIFFICULTIES WITH THE APPLICATION OF THE SGEI DECISION OR SGEI FRAMEWORK

Please be as specific as possible and include, if applicable, the sector for which the difficulties are relevant.

## 3. COMPLAINTS BY THIRD PARTIES

No complaints by third parties in relation to the application of the principles set out in the Framework have been communicated to the Department of Health.

## 4. MISCELLANEOUS

### A. (non-compulsory)

If your Member State has **not** granted State aid for the provision of SGEI in certain sectors, information regarding other instruments to ensure the provision of those services (direct aid to users, compensation complying with all four Altmark criteria, *de minimis* aid...) could be useful. Please feel free to provide a brief description of these instruments and the areas in which they are used.

### B. (non-compulsory)

Please describe in what respect the SGEI Decision and the SGEI Framework are easier to apply or more appropriate than the 2005 SGEI Decision and 2005 SGEI Framework.

### C. (non-compulsory)

If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

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<sup>6</sup> The Commission would welcome data that you might have on aid granted under the SGEI Decision and the SGEI Framework, for example number of beneficiaries per sector, average amount of aid, amount per aid instrument (direct subsidy, guarantee, etc.), size of the undertakings, etc. Should such other quantitative information data not be readily available in a Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

Paragraph 14 of the framework requires Member States to demonstrate that they have taken the interests of users and providers into account by way of a public consultation or other appropriate instruments. This may cause a tension when obligations arising from services of general economic interest are set out in national legislation. The interests of users and providers would have been taken account by elected representatives when the legislation was being considered. The value of additional ad hoc consultations is not clear in all instances. The interests of individual users and providers may not reflect the public interest for which the SGEI is provided.

Paragraph 62 of the framework sets out the reporting requirements for member states. For our scheme, which requires periodic consideration by the Commission, the added value of this additional reporting mechanism is limited. The report mainly repeats the analysis contained in the Commission's decision. Perhaps consideration should be given to the suitable reporting requirements when decisions are being made.

- **Transparency (2.10)**

The results of the public consultation carried out in 2014, were made available on the internet. The content and duration of the public service obligations are clearly specified in the Health Insurance Acts 1994 to 2015, which are published in the Irish Statute Book. The undertakings entrusted with the provision of the public service obligations (i.e. the health insurers) are published in the Register of Health Benefits Undertakings, maintained by the HIA. As regards the amounts of aid granted on a yearly basis, the impact of risk equalisation for each undertaking is set out in the HIA's Report to the Minister for Health on an evaluation and analysis of returns from the previous 12 month period and advice on risk equalisation credits, which is published every year on the websites of the Department of Health and the HIA.

As regards the recommended level of credits and stamp duties applicable as of 1 March 2016, a detailed explanation of the methodology used by the HIA to determine the se rates is set out in the September 2015 HIA Report, which was published in redacted form on the Department of Health's website in November 2015.

# 1. DESCRIPTION OF THE APPLICATION OF THE SGEI DECISION AND THE SGEI FRAMEWORK AND AMOUNT GRANTED

## Housing Finance Agency:

Clear and comprehensive description of how the respective services are organized in your Member State <sup>7</sup>	
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.	<b>Finance for Housing:</b> <b>Up to 2012 the HFA lent to local authorities and from 2012 also lends directly to AHBs. In relation to Approved Housing Bodies ("AHBs") the Housing Finance Agency plc ("HFA") provides financing to assist AHBs in delivering suitable accommodation which will be used for renting under social housing projects and which is eligible for Capital Advance Leasing Facility (CALF) and Payment and Availability Agreement (PAA). The HFA does not lend directly to individuals or households.</b>
Explanation of the (typical) <b>forms of entrustment</b> . If standardized templates for entrustments are used for a certain sector, please attach them.	<b>Under Section 17 of the Housing (Miscellaneous Provisions) Act 2002, the HFA is empowered to lend directly to AHBs. The HFA commenced lending to AHBs, for the first time, during 2012.</b>
Explanation of the (typical) <b>duration of the entrustment</b> and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.	<b>The local authority leases houses from Approved Housing Bodies (voluntary bodies and co-operatives), which are rented to social housing tenants nominated by local authorities. Houses are either bought or built by AHBs and financed by loan finance raised by the AHB, with a guaranteed revenue stream via a Payment and Availability Agreement ("PAA"), taken out</b>

<sup>7</sup> If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

	by the local authority for a period of up to 30 years. All of these leases have a duration of greater than 10 years.
Explanation whether (typically) <b>exclusive or special rights</b> are assigned to the undertakings.	Loans are secured on the property.
Explanation of the (typical) <b>compensation mechanism</b> 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.	The local authority pays the PAA into the HFA's mandated bank account. This mandated bank account is set up by all the AHB's who have loan applications approved and the HFA have full control over this account. This arrangement can range from 92%-95% of the current market rent.
Explanation of the (typical) <b>arrangements for avoiding and repaying any overcompensation.</b>	Does not arise
<b>Amount of aid granted</b>	
<b>Total amount of aid granted.</b> <sup>8</sup> This <u>includes all aid paid in your territory, including aid paid by regional and local authorities.</u>	<p><b>Total amounts advanced were:</b></p> <p><b>2012: €5.048 million</b></p> <p><b>2013: €14.212 million.</b></p> <p><b>2014: €60.10 million</b></p> <p><b>2015: Nil (i.e.€-378.66 million)</b></p> <p><b>2016:€46.65 million</b></p> <p><b>The total amounts of aid granted were:</b> (i.e. 0.10% margin on the overall amounts advanced)</p> <p><b>2012: €0.005 million</b></p> <p><b>2013: €0.014 million.</b></p> <p><b>2014: €0.06 million</b></p> <p><b>2015: Nil (i.e.€-0.379 million)</b></p> <p><b>2016: €0.047million</b></p>
<b>other quantitative information</b> <sup>9</sup>	None

<sup>8</sup> As stipulated in Article 9 b) of the SGEI Decision and Para. 62 b) of the SGEI Framework. Please provide a breakdown by calendar year.

<sup>9</sup> The Commission would welcome data that you might have on aid granted under the SGEI Decision and the SGEI Framework, for example number of beneficiaries per sector, average amount of aid, amount per aid instrument (direct subsidy, guarantee, etc.), size of the undertakings, etc. Should such other quantitative information data not be readily available in a Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.



## **2. COMPLAINTS BY THIRD PARTIES**

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

**No complaints by third parties in relation to the application of the principles set out in the Framework have been communicated to the Department of Housing, Planning, Community and Local Government.**

## **3. MISCELLANEOUS QUESTIONS**

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

**There have been no particular difficulties with the application of the SGEI Decision.**

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework; -
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework; -
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

**There have been no particular difficulties with the application of the SGEI Framework**

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

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