

## **CONCESSIONS**

### **CONCESSION DURATION**

#### **How long should a concession last?**

A concession contract must be **limited in time**.

The Directive does not provide for a maximum number of years that a concession may last.

- For **concessions lasting more than 5 years**, the duration must not exceed the time in which a concessionaire could reasonably be expected to recoup their investment.

#### **How is the duration established?**

The maximum duration must be referred to **in the concession documents**, either as a point subject to negotiation (may be part of the award criteria and so be fixed through competition) or as a part of the fixed conditions.

#### **Which factors should be taken into account to calculate the maximum duration?**

Project-specific factors, such as:

- total investment (including copyrights, patents, logistics);
- the asset's capacity to generate revenue;
- user tariffs and the asset's operation and maintenance costs.

It is possible to take into consideration initial and further, foreseen investments deemed necessary for the operation of a concession.

Investments required to achieve certain specific contractual objectives may also be taken into account (e.g. investment in staff training that aims to ensure a minimum level of service quality).

#### **Can a concession be extended?**

This must be assessed under the regime for contract modifications.