	Comments Template on the Consultation Paper on Call for evidence concerning the request to EIOPA for further technical advice on the identification and calibration of other infrastructure investment risk categories i.e. infrastructure corporates	Deadline 10 12 2015 23:59 CET
Name of Company:	Long Term Infrastructure Investors Association (LTIIA)	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
	Please follow the following instructions for filling in the template: ⇨ Do **not** change the numbering in the column “reference”; if you change numbering, your comment cannot be processed by our IT tool ⇨ Leave the last column empty. ⇨ Please fill in your comment in the relevant row. If you have no comment on a paragraph or a cell, keep the row empty. ⇨ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. **Please send the completed template, in Word Format, to CP-15-009@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.** The numbering refers to the Consultation Paper on the Call for evidence concerning the request to EIOPA for further technical advice on the identification and calibration of other infrastructure investment risk categories i.e. infrastructure corporates.	
Reference	**Comment**	
General comments	We believe that investments in infrastructure corporates and ‘project entities’ should receive a similar treatment under Solvency II to the extent that investor’s risk exposures are similar.	
Question 1	Standard business model for many enterprises operating infrastructure assets includes functions that are consequential, or related to, operating the assets	

	but cannot be described as an infrastructure operation as such. Examples include income from retail and parking services at airports, auxiliary services at port terminals (eg, a container freight station), metering services at utility companies, etc. Also, certain corporations include in their portfolios infrastructure assets operating in different regions and/or infrastructure sectors. This is very common in toll road development and in the renewables sector (where synergies from central planning and resource pooling are often substantial) and also in energy and utility companies (eg, those combining generation and distribution to achieve best service output in a certain area). Specific examples of corporate overlay for infrastrucgture portfolios include: • Sharing of management time and general overhead; • Pooling of planning, construction and O&M resources; • Provision of services to the portfolio assets (such as parking and metering).	
Question 2	All infrastructure corporates with a risk profile similar to that currently defined for 'qualifying infrastructure' should receive the treatment of qualifying infrastructure.	
Question 3	Infrastructure corporates generally operate in a variety of sectors and geographies and often feature legal and capital structures similar to those of 'project entities'. Given that majority of infrastructure investments involve unlisted debt and equity instruments, we cannot provide a specific assessment on the aggregate volumes of debt and equity presently outstanding. However, observing transaction records over the last 10 years (eg, http://www.infra-deals.com/), and the expected pipeline, we note that the volume of debt and equity transacted in infrastructure corporates is substantial relative to that transacted in infrastructure project entities.	

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Question 4	We are not aware of formal definitions. A common practice for many financiers is to count as 'infrastructure assets' investments in corporates with more than 80% of the revenue and/or EBITDA derived from operating infrastructure.	
Question 5	With respect to the amendments to the Delegated Regulations, we believe that references to "infrastructure project entity" do no capture infrastructure corporates. We would therefore suggest removing "project" from that definition and also relaxing the requirement "not […] to perform any other function than owning, financing, developing or operating infrastructure assets" A more plausible definition could read : *'Infrastructure entity' means an entity that is owning, financing, developing or operating infrastructure assets, where the primary source of payments to debt providers and equity investors is the income generated by the infrastructure assets being financed.* Accordingly, tests of qualifying infrastructure in Article 164a should be set with respect to an infrastructure entity as a whole <u>or</u> with respect to each of its business units and controlled subsidiaries that, in aggregate, are responsible for substantially all payments to the financiers.	
Question 6	Yes, see answer to Q5 above.	
Question 7	At present we see no grounds for making such a distinction. Relevant tests should be applied to the aggregate of issued instruments.	
Question 8	Definition of an infrastructure entity proposed in answer to Q5 above, in combination with proposed tests of qualifying infrastrucure, would ensure that risk profile of an investment in corporate is infrastructure-like. A distinction between 'direct' and 'indirect' income from infrastructure would not be material in that context, and may also be hard to draw in a practical sense.	
Question 9	See proposal on the 'look-through' test for qualifying infrastructure in answer	

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	to Q5 above.	
Question 10		
Question 11		
Question 12		
Question 13	Yes, we think that Moody's data set provides a suitable proxy. We would like to note that the set they chose also includes companies where exposures to non-infrastructure risks can be significant – eg, upstream oil & gas businesses exposed to commodity risks, unregulated utilities, etc. Based on the Moody's definitions we understand that the incidence of such potentially non-qualifying assets in the data set does not exceed 10% by the count.	
Question 14	Yes, we think that qualifying infrastructure entities (whether 'projects' or 'corporates') should in principle be subject to the same calibration.	
Question 15		
Question 16		
Question 17		