



Brussels, 3 April 2013

## **CALL FOR PROPOSALS**

**concerning the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO<sub>2</sub>, as well as demonstration projects of innovative renewable energy technologies under the scheme for greenhouse gas emission allowance trading within the Community, established by Directive 2003/87/EC**

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## 2. GLOSSARY

Term	Meaning
Adjusted Award Decision	Award Decision adjusted by the Commission
Adjusted Funding Rate	The adjusted funding rate set out in an Award Decision which applies to annual disbursements of Funding to a Project in case of partial Up-Front Funding Disbursement
Allowance	EU emission allowance as described in the EU ETS Directive
Application Forms	The set of Application Forms (see Appendix 1 of this Call for Proposals) to be completed by the Project Sponsor and submitted to the appropriate Member State
Award Decision	Decision from the Commission to a Member State awarding NER 300 funding with regard to a specific project, pursuant to Article 9 of the Decision
Call for Proposals	Documents published in the OJ or on the internet, including this Call for Proposals, its supporting annexes and appendices (containing Application Forms and Submission Forms, including the ECA form)
Capacity Thresholds	As set out in Annex I of the Decision in respect of different Project Categories and Sub-categories
Category	Each of the Technology Categories listed in Section A of Annex I of the Decision, in respect of both CCS and RES technologies
CCC	Climate Change Committee as referred to in the Decision
CCS	Carbon Capture and Storage technologies
CCS Chain	Integrated carbon capture and compression plant, transport facility, injection and storage facility
CCS Group	All selected CCS projects pursuant to Article 8(2), last sub-paragraph of the Decision
Commission (EC)	European Commission
Co-operation Agreement	Agreement between the Commission and the EIB pursuant to Article 4, 3rd sub-paragraph of the Decision, laying out the specific terms and conditions under which the EIB shall perform its tasks under the Decision
Cost Per Unit Performance (CPUP)	As defined in Article 8 (2), 2nd sub-paragraph of the Decision
Decision	Decision 2010/670/EU laying down criteria and measures for the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO <sub>2</sub> as well as demonstration projects of innovative renewable energy technologies under the scheme for greenhouse gas emission allowance trading within the Community established by Directive 2003/87/EC of the European Parliament and of the Council (NER 300 Decision)
Due Diligence assessment	Financial and technical assessment of Project Proposals submitted by the Member States to the EIB, undertaken by the EIB pursuant to Articles 5(4) and 7 of the Decision
EC	European Commission
EEPR	European Energy Programme for Recovery
EIB	European Investment Bank
Eligibility Criteria	As defined in Article 6 and Annex I of the Decision

Eligibility (Criteria) Assessment	Assessment of Projects undertaken by Member States to determine their conformity with the Eligibility Criteria, verified by the Commission
Eligibility Criteria Assessment Form (ECA Form, Section 1 of Submission Form B)	Form that is to be completed by a Member State (and submitted to the EIB), confirming that the submitted Project meets all Eligibility Criteria – See Eligibility Assessment)
EUA	EU emission allowance as described in the EU ETS Directive
EU ETS Directive	Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community
Financial Regulation	Council Regulation No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities as amended
First Round	First of two rounds of Call for Proposals, covering 200 of the 300 million EUAs provided for under Article 10a(8) of the EU ETS Directive
Funding	NER 300 financial support disbursed to Project Sponsors pursuant to the Decision
Funding Proportion	The proportion of total funds made available for CCS and for RES respectively
Funding Rate	Awarded funding divided by 75 % of the projected total amount of stored CO <sub>2</sub> in the first ten years of operation in the case of CCS Projects, or 75 % of projected total amount of energy produced in the first five years of operation in the case of RES Projects, pursuant to Article 11(2), 2nd sub-paragraph of the Decision
Interim Reports	Reports from the EIB to the Commission, in accordance with the Co-operation Agreement.
Investment Costs	As defined in Article 3(4) of the Decision
Knowledge Sharing Obligations	Knowledge sharing as required by Article 12 and Annex II of the Decision and as set out in the Specifications for Legally Binding Instrument
Lead Member State	In the case of a Trans-boundary Project, the Lead Member State is the Member State responsible for co-ordinating and submitting the Project Proposal documentation to the EIB, on behalf of all other Member States participating in the Trans-boundary Project
Member State (MS)	A Member State of the European Union
MRV Information	Monitoring, Reporting and Verification information as required pursuant to the Decision and as set out in the Specifications for Legally Binding Instrument
NER	New Entrants' Reserve of the EU Emissions Trading Scheme
NER 300 Process	Process of selecting and financing of CCS and RES Projects pursuant to Article 10a(8) of the EU ETS Directive and the Decision, using the revenues from the 300 million EUAs set aside in the New Entrants' Reserve (NER) for that purpose.
Non Contract CO <sub>2</sub>	CO <sub>2</sub> which is compressed, transported or stored that is not from a CO <sub>2</sub> source within the Project
NPV	Net Present Value
OJ	Official Journal of the European Union
Operating Benefits	Revenues resulting from operation of the project as referred to in Article 3(5) of the Decision
Operating Costs	Operating expenses borne by the Project regarding Production Costs as referred to in Article 3(5) of the Decision
Payment Schedule	The Payment Schedule in respect of the Funding set out in an Award Decision or, if applicable, Adjusted Award Decision

Performance	As defined by Article 8(2), 2nd sub-paragraph of the Decision, in respect of CCS/RES Projects
Permits	All or any permits, permissions, licences, consents, authorisations or approvals necessary under relevant applicable energy and infrastructure and/or environmental and/or planning and/or health and safety legislation
Project	The CCS/RES enterprise proposed by Project Sponsors for funding under the Decision
Project Outputs	For CCS Projects, the total projected amount of CO <sub>2</sub> stored in the first ten years of operation, and for the RES Projects, the total projected amount of energy produced in the first five years of operation
Project Programme	The programme for the consents, design, engineering, procurement, construction, erection, commissioning, operation, maintenance and decommissioning for the Project
Project Sponsor	Single entity, consortium of entities or members of a Special Purpose Vehicle as a Joint Venture or otherwise who submit a Proposal in respect of the proposed Project, including those providing finance to the Project
Proposal (Project Application)	Documentation that sets out the detail of the proposed Project consisting of the Application Forms and all other supporting documentation (submitted by Project Sponsors to Member States) and the Submission Forms, including the Eligibility Criteria Assessment Form (completed by the Member State and submitted to the EIB, along with the Application Forms).
Reference Plant	Plant, to be defined by Member States, which provides the basis against which Investment Costs are determined in respect of individual Projects
Relevant Costs	As defined by Article 3 of the Decision, in respect of CCS and RES Projects
Renewable Energy Directive	Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources
RES	Renewable Energy Source
RES Group	All selected RES projects pursuant to Article 8(2), last sub-paragraph of the Decision
RSFF	Risk Sharing Finance Facility
Second Round	Second of two rounds of Calls for Proposals, covering 100 of the 300 EUAs provided for under Article 10a(8) of the EU ETS Directive and any remaining unspent Funds from the First Round of Call for Proposals
Specifications for Legally Binding Instrument	Specifications for Legally Binding Instrument annexed to this Call for Proposals
State Aid	Any aid granted to a Project by a Member State or through state resources within the meaning of support measure fulfilling all the criteria laid down in Article 107(1) of the Treaty on the Functioning of the European Union
Sub-category	RES technology sub-categories as set out in Section A of Annex I of the Decision
Submission Forms	Forms to be completed by the relevant Member State in respect of a specific Project (see Appendix 2 of the Call for Proposals), which are to be submitted to the EIB and Commission by the Member State and which form part of the Proposal
Support Schemes	Policy mechanisms of Member States designed to encourage installation of CCS and/or production of renewable energy, including but not limited to Feed In Tariffs (FiT), green certificates and grants
Trans-boundary Project	A project which is intended to take place on the territory of several Member States pursuant to Article 5(2), 2nd sub-paragraph of the Decision
Up Front Funding Disbursement	Up-front payment of Funding to a Project pursuant to Article 11(5) of the Decision

### 3. INTRODUCTION

1. The Commission adopted Decision 2010/670/EU ("the Decision") laying down the criteria and measures for the financing of commercial demonstration projects that are aimed at the environmentally safe capture and geological storage of CO<sub>2</sub>, as well as the demonstration of projects of innovative renewable energy technologies, under the scheme for greenhouse gas emission allowance trading with the Community established by the 2003/87/EC<sup>1</sup> of the European Parliament and of the Council.
2. A first Call for Proposals under the Decision covering the proceeds from the sales of 200 million allowances was published on 9 November 2010. The Award Decision under the first Call for Proposals was adopted on 18 December 2012 (C(2012) 9432). 23 innovative renewable energy technologies projects were awarded a total of over €1.2 billion out of € 1.5 billion available.

3. This second Call for Proposals is published on the following website:

[http://ec.europa.eu/clima/funding/ner300/index\\_en.htm](http://ec.europa.eu/clima/funding/ner300/index_en.htm)

A Publication Notice is published in the OJ. As a guidance document prepared by the Commission services, this Call does not have the force of law and remains subject to the provisions of the Decision.

4. This second Call for Proposals invites Proposals in respect of CCS and/or RES projects, from Project Sponsors and supported by Member States which demonstrate at a commercial scale the environmentally safe capture and geological storage of CO<sub>2</sub> or innovative renewable energy technologies.
5. For the purpose of this Call for Proposals, Member State means a Member State of the European Union and/or an EEA country which is not part of the European Union (Iceland, Liechtenstein, Norway).
6. It provides Project Sponsors and supporting Member States with the information required to make an application for funding under the terms of the Decision. It aims to:
  1. Provide an overview of the scope and objectives of the NER 300 Process;
  2. Set out the role of the Member States in the NER 300 Process;
  3. Describe the basis of Project selection;
  4. Set out the requirements in respect of the Projects;
  5. Provide information on the payment of Funding;
  6. Outline the process for the submission of Proposals;

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<sup>1</sup> Directive 2003/87/EC as amended by Directive 2009/29/EC amends the greenhouse gas emission trading scheme of the Community, reserves up to 300 million allowances (EUAs) from the New Entrants' Reserve (NER 300).

7. Describe information requirements for the relevant parties and give instructions for submission of such information; and
8. Provide details of the requirements relating to the conditions for awards and the Specifications for Legally Binding Instrument.

#### **4. SCOPE OF CALL**

##### **4.1. Outline of the NER 300 Process**

7. The Commission will select Projects through a competitive process which incorporates the following four step evaluation procedure:
  1. Eligibility Assessment and project submission – Member States will undertake an assessment of the Projects against the Eligibility Criteria as detailed in Section 5.1. Member States will submit those projects they consider eligible and wish to support to the EIB for further assessment.
  2. Projects Selection Assessment – This comprises:
    - a) The technical and financial Due Diligence assessment. The EIB, acting on request of, on behalf of and for the account of the Commission, will prepare the technical and financial Due Diligence assessment of each submitted project application. On the basis of its Due Diligence assessment, the EIB provides an initial list of ranked projects to the Commission, for which Due Diligence has been concluded positively, ranked in increasing order of Cost Per Unit Performance (CPUP).
    - b) The verification of the Eligibility Assessment. A verification of the Eligibility Assessments done by the Member States is performed to ensure that all short-listed Proposals meet the Eligibility Criteria set out in the Decision.
  3. Ranking of Projects – After the completion of the above assessment phases, ranked lists for carbon capture and storage (CCS) and renewable energy (RES) projects will be drawn up separately, and the projects composing the CCS Group and the RES Group will be identified in line with the requirements of Article 8 of the Decision.
  4. Award Decision – After completion of the above stages, Member States will be asked to confirm their support to the Projects, including the value and the structure of the total public funding. On the basis of the final list of confirmed Projects, the Funding Proportion between the CCS and the RES groups will then be established. Subsequently, the funding requests of the two groups will be matched with the total available funds. The Commission will adopt the list of awarded projects, following an opinion of the Climate Change Committee. The Award Decision is conditional on issue of all national permits, approval of any State Aid, and reaching of final investment decisions according to Article 9 of the Decision. It is also subject to adjustment as set out in Section 0 below.
8. The following sections set out in more detail the basis on which the Call for Proposals has been made, the technology Categories and Sub-categories that are eligible under the Decision and the basis on which a Proposal can be submitted.



#### **4.2. First and second round of Call for Proposals**

9. The selection of CCS and RES projects for Funding under the Decision takes place through two rounds of Calls for Proposals. The First Round covered the equivalent of 200 million EUAs. This Second Round covers the equivalent of 100 million EUAs together with approximately € 288 million that remained unspent under the First Round. This Call for Proposal describes the process in respect of the Second Round.

#### **4.3. CCS and RES technology Categories and Sub-categories**

10. With a view to ensuring technological diversity, eight CCS Projects shall be funded, with at least one and at most three Projects in each of the project Categories detailed in Annex 2. Of these CCS projects, at least three should have hydrocarbon reservoir storage and at least three should have saline aquifer storage.
11. In addition, one Project shall be funded in each of the RES Project Sub-categories outlined in Annex 3.
12. In the first Call for Proposals, the Award Decision covered 16 innovative RES technology Sub-categories. No awards were made for CCS Categories. With a view to adjust any technical imbalance emerging from the first Call for Proposals, Projects from non-awarded (Sub-)categories in the first Call for Proposals will be given priority for award.
13. If there are sufficient resources, more projects will be financed, while maintaining the balance between CCS and RES projects. If there are insufficient resources, fewer projects will be financed, again maintaining the balance between CCS and RES projects. Projects which satisfy the constraints referred to above per Category or Sub-category in the most cost-effective way shall be selected (see Section 5.2).

#### **4.4. Level of support**

14. In line with Article 2(3) of the Decision, financing under the Decision shall be fixed at 50 % of the Relevant Costs for a Project, except where the total request for public funding<sup>2</sup> is less than 50 % of the Relevant Costs, in which case the total request for public funding shall be financed.
15. To ensure that the required technological and geographical representation is achieved, the total amount of Funding to an individual Project will be limited to 15 % of the total funding available (over the two rounds).

#### **4.5. Relevant Costs**

16. Relevant Costs of CCS Projects are those extra Investment Costs borne by the Project due to the application of CCS technology, net of the Net Present Value of the best estimate of Operating Costs and Operating Benefits arising due to the application of the CCS during the first 10 years of operation.
17. In the case of pre-combustion CCS demonstration plant, where the Project involves the construction of a new integrated gasification combined cycle power plant, the

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<sup>2</sup> The total request for public funding is the Relevant Costs minus any contribution to those costs from the operator (see Article 5(3b) of the Decision).

Relevant Costs shall be those extra Investment Costs of that proportion of the integrated gasification combined cycle to which CO<sub>2</sub> capture, transport and storage has been fitted, net of the Net Present Value of the best estimate of Operating Costs and Operating Benefits of that proportion of the integrated gasification combined cycle to which CO<sub>2</sub> capture, transport and storage has been fitted arising during the first 10 years, as compared to the corresponding costs of a supercritical coal-fired power plant without CO<sub>2</sub> capture, transport and storage, sized on an equivalent output basis.

18. Relevant Costs of RES Projects shall be those extra Investment Costs which are borne by the Project due to the application of an innovative renewable energy technology, net of the Net Present Value of the best estimate of Operating Costs and Operating Benefits arising during the first 5 years, compared to a conventional production with the same capacity in terms of effective production of energy.
19. Investment Costs as referred to above shall cover the cost of investment in land, plant and equipment. They may also relate to investment in intangible assets such as investment in technology transfer and operating licenses for know-how subject to the following conditions:
  1. The intangible asset can be considered as a depreciable asset;
  2. the intangible asset is purchased on market terms at the lowest price possible; and
  3. the intangible asset remains in the establishment of the recipient for at least five years. If the intangible asset is sold before the expiry of the five year period the yield from the sale shall be deducted from the Relevant Costs.
20. The net Operating Costs and Operating Benefits shall be based on the best estimate of Operating Costs borne by the Project regarding Production Costs, and take into account any additional Operating Benefits resulting from Support Schemes even if they are not considered to constitute State Aid, avoided costs and existing tax incentive measures.
21. Under Article 5(3) of the Decision, it is for the Member State to determine the Relevant Costs of the Project. In alignment with this, and with the approach for State Aid notification, it will be for the Member State to provide details of the conventional production to which the costs of a CCS and RES Project shall be referred in order to determine the Relevant Costs.<sup>3</sup>
22. In Application Form C (see Appendix 1) for the submission of cost information, it is specified on the basis that both Investment and Operating Costs for all parts of the demonstration Project will be borne by the Project Sponsor. However, it is the Project Sponsor's prerogative to outsource the provision of one or more aspects of the Project to a third party, on condition that the contract with the third party is transparent and concluded on an at arm's length basis. (For instance, a CCS Project may outsource the provision of CO<sub>2</sub> transport, storage, etc.) Where a Project outsources, the detailed Investment and Operating cost information relevant to the

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<sup>3</sup> Submission Form C provides further explanation on the determination of the Relevant Costs, and of the reconciliation of the components of the Relevant Costs, i.e. the total request for public funding, the NER 300 funding request and the operator contribution.

outsourced aspect, as specified in Application Form C, may be replaced as appropriate by information on the fee levied by the third party.

#### **4.6. Combining with other funding mechanisms**

23. The Funding provided under the Decision may be combined with financing from other instruments, including national support measures, EU funds, for example the Structural and Cohesion Funds, FP7, (Horizon 2020) and the EEPR. It may also be combined with loan finance, for example provided under the RSFF. However, in order not to give preferential treatment to Projects funded under the EEPR, Funding under the Decision shall be reduced by the amount of financing received from the EEPR. The application of State Aid rules is developed in Section 6 below.

#### **4.7. Financial basis of Funding**

24. In addition to the requirements set out in Section 5.1.1, Projects should also demonstrate the robustness of the Proposal from a financial perspective.
25. Project Sponsors are required to submit financial information in order to demonstrate an appropriate level of financial strength and standing. Furthermore, Project Sponsors are also required to submit cost and financing data in respect to the Project. It is recognised that due to the nature and level of development of the technological solution proposed, firm details on cost and financing may not yet be available. Project Sponsors must submit their best estimate with justification.
26. Project Sponsors may not change their Proposal in substance (e.g. with regard to the technological solution to be deployed, scale, projected output or requested Funding), once it has been submitted. However, any changes that would affect the prospects for successful implementation of the Project should be notified to the Commission and the EIB as soon as is practicable in accordance with Section 12.6. That Section also describes the way submissions during the competitive process of substantial changes to a Proposal will be handled by the Commission.
27. Should the Relevant Costs at the point of Final Investment Decision (FID) be lower than those on which the Award Decision was based, any Funding awarded to the Project Sponsor on the basis of the previously submitted higher level of costs will need to be adjusted accordingly. Also, the awarded Funding will need to be adjusted where an intangible asset is sold before the expiry of the five-year period referred to in point (c) of the second sub-paragraph of Article 3(4) of the Decision. The adjusted level of funding will be set out in an Adjusted Award Decision. For the avoidance of doubt, the level of funding will only be adjusted downwards; adjusting upwards for increased costs at FID is impracticable, as all available finance for the call will already have been allocated to Projects, and would be prejudicial to cost control. The adjusted level of funding will be calculated pursuant to Article 2(3) of the Decision.

#### **4.8. Payment of support and conditions**

28. Funding will be paid to the successful Project Sponsors via Member States as outlined in Articles 10 and 11 of the Decision. The EIB will manage the conversion of the EUAs and associated revenues which will be passed to the Member State for disbursement. Member States will disburse the Funding to Project Sponsors on an annual basis, on the basis of verified performance and compliance with knowledge-

sharing requirements for the year in question, for a period of ten years for CCS Projects and five years for RES Projects. Where the Member State guarantees to return any overpayment to the EIB, part or all of the Funding for a Project may be disbursed prior to its entry into operation in accordance with specifications set out in the Award Decision.

#### *4.8.1 Amount paid*

29. The actual amount of Funding disbursed each year to each Project Sponsor is a function the Project's performance and the Funding Rate.

##### *4.8.1.1. CCS Projects*

30. As specified in Articles 11(2) and 11(4) of the Decision, the Funding Rate for CCS Projects is calculated by dividing the awarded funding by 75 % of the projected total amount of CO<sub>2</sub> stored in the first ten years of operation. Full funding under an Award Decision will be made to Projects which store at least 75 % of the projected total amount of CO<sub>2</sub> stored in the ten year period from the date of entry into operation specified in the Award Decision.

##### *4.8.1.2. RES Projects*

31. As specified in Articles 11(2) and 11(4) of the Decision, the Funding Rate for RES Projects is calculated by dividing the awarded Funding by 75 % of the projected total amount of energy generated in the first five years of operation. To gain the full funding available under an Award Decision, a Project must generate at least 75 % of the projected total amount of renewable energy generated in the five year period from the date of entry into operation specified in the Award Decision.

#### *4.8.2. Knowledge sharing requirements*

32. Pursuant to Article 11(3) of the Decision, disbursement for a given year shall only take place where the knowledge sharing requirements are met for and in that year. A failure to meet the knowledge sharing requirements in a given year cannot be rectified in a later year.

#### *4.8.3. Up-front Funding*

33. Pursuant to Article 11(5) of the Decision, part or all of the funding for a Project may be disbursed prior to the entry into operation of that Project in accordance with specifications set out in the Award Decision, where the Member States concerned guarantees that any funding which exceeds the funding determined pursuant to Articles 11(2) to (4) of the Decision will be returned to the EIB. The Commission considers that Member States are legally obliged to return any excess Funding as a result of the conditionality of the Funding under the Decision – and independently of whether or not the excess Funding can be recovered from the Project Sponsors at national level. Specifications for any Up-front funding, including a requirement for unconditional return of excess Funding to the EIB, will be made in the Award Decisions depending on the availability of funds (see also Annex 7 on the contents of the Award Decisions).

#### 4.8.4. *Award Decision*

34. The Commission will adopt an Award Decision addressed to the relevant Member States and covering the successful Projects, after the conclusion of the selection process for the Second Round. The Award Decision will set out a payment schedule in respect of the Project. The default situation will be annual payments to be paid at the Funding Rate, per unit of performance as documented in the Monitoring, Reporting and Verification (MRV) information in respect of the Project. The Award Decision will set out the amount of the Up-front Funding Disbursement and the Adjusted Funding Rate that will apply, including the payment schedule for Up-front Funding.
35. The EIB will disburse the Funding to Member States on the basis of the payment schedule. The Funding will be passed on to Projects by Member States pursuant to a legally binding instrument which shall be in accordance with the Specifications for Legally Binding Instrument.
36. Further elements which the Commission intends to include in the Award Decision, along the lines of the Award Decision adopted for the first Call for Proposal are listed in Annex 7.

#### 4.8.5. *Monitoring, Reporting and Verification*

##### 4.8.5.1. CCS Projects

37. For CCS projects, the amount of CO<sub>2</sub> stored should be determined by using data from the emission report that is monitored by the operator according to the regulation on monitoring and reporting and verified by a verifier accredited according to EU ETS regulation on verification and accreditation as described in Article 15 of the EU ETS Directive<sup>4</sup>. Further details are set out in the Specifications for Legally Binding Instrument.

##### 4.8.5.2. RES Projects

38. For all RES Projects, with the exception of Bioenergy Sub-categories referred to in the following paragraph, the amount of renewable energy produced for the relevant year should be determined in accordance with the regime established under the Renewable Energy Directive (Directive 2009/28/EC). Further details are set out in the Specifications for Legally Binding Instrument.
39. For the following sub-categories of Bioenergy Projects:

1. Lignocellulose to intermediate solid, liquid or slurry bioenergy carriers via pyrolysis with capacity 40 kt/y (kilo tonnes per year) of the final product; and

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<sup>4</sup> Monitoring and Reporting regulation as referred to in article 14(1) of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC as amended by Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009, OJ 5 June 2009, L 140/ 63.

Verification and Accreditation Regulation as referred to in Article 15 of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC as amended by Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009, OJ 5 June 2009, L 140/ 63.

2. Lignocellulose to intermediate solid, liquid or slurry bioenergy carriers via torrefaction with capacity 40 kt/y (kilo tonnes per year) of the final product.

the Project Sponsor should propose, in Application Form B, section B.2.5, a methodology to monitor, report and verify the amount of energy produced. The method applied should be such that it achieves the best available data that is accurate, reliable and fraud-resistant. This methodology should be approved by the relevant competent authority of the Member State.

Each year, the Project Sponsor should determine the annual energy produced according to the approved methodology and have the data audited by an external party. Further details are set out in the Specifications for Legally Binding Instrument.

## **5. BASIS OF PROJECT SELECTION**

40. Section 5 sets out the basis upon which Projects will be selected to receive Funding.

### **5.1. Eligibility Assessment by Member States**

41. The Project Sponsor will submit its Proposal (the Application Forms and supporting documentation relevant to its Project) to the Member State in whose territory the Project will take place. Contact points for each Member State are listed in Annex 5.
42. The Proposal will be assessed by the Member State against the Eligibility Criteria as set out in Section 5.1.1. Annex 6 provides further guidance to Member States covering the broad areas and evidence required to ensure a consistent approach to the assessment across all Member States. Member States will complete the Eligibility Criteria Assessment Form (Section 1 of Submission Form B). Projects which do not pass the Eligibility Assessment shall not be submitted to the EIB.
43. Member States may apply additional criteria for the determination of projects that they wish to support, in accordance with all relevant requirements of EU law, as outlined in Section 8.

#### *5.1.1. Eligibility Criteria*

44. In order for a Project to be eligible for Funding, the Project must satisfy the following criteria:
  1. It must fall into one of the technology Categories or Sub-categories set out in Annex I of the Decision and reproduced in Annexes 2 and 3 of the Call. A Project cannot be submitted under more than one Category or Sub-category;
  2. It must comply with the requirements as set out in Section 0 below;
  3. CCS projects must satisfy the CCS project requirements, as set out in Section 5.1.2 below; and
  4. RES projects must be innovative in nature. Existing, proven technologies are ineligible. The further characterisation of innovative technologies is covered in Annex 6, point II.

#### *5.1.2. CCS project requirements*

45. CCS projects must meet the following specific constraints:

1. Each CCS project has to implement the full chain (capture, transport and storage);
  2. Each Project must implement heat integration for the capture component of the process;
    - a) For power generation applications as set out in Annex 2, the Project Sponsor must demonstrate that it has aimed to maximise heat integration between the power plant and the capture facility, taking into consideration operational and economic constraints. There is no minimum integration threshold;
    - b) For industrial applications of CCS as set out in Annex 2, and including CCS on refineries, cement kilns, primary production routes in iron and steel or aluminium production, the Project Sponsor must demonstrate that heat integration between the CO<sub>2</sub> source and the capture facilities has been considered and justify the approach taken. There is no minimum integration threshold.
  3. The capture rate has to be at least 85 % of CO<sub>2</sub> from the flue gases to which capture is applied. The 85 % is to apply at normal operating conditions; and
  4. Each CCS Project has to contain an independent research block related to safety of storage sites and improvement of monitoring technologies, especially in the field of brine migration, its possible pathways and impacts.
46. The Decision identifies potential beneficiaries in the refining sector as 'industrial applications implementing CCS on refineries with 500 kt/y stored CO<sub>2</sub> from one or more sources within the refinery'. In line with the rationale of Recital 23 of the Emissions Trading Directive, which states that distortion of competition should be avoided between industrial activities carried out in installations operated by a single operator and production in out sourced installations, this provision should be interpreted so as not to discriminate between CO<sub>2</sub> captured from hydrogen production within the perimeter of the refinery, and CO<sub>2</sub> captured from the production of hydrogen supplied to the refinery from an out sourced installation. Thus for the refining sector, for any product in the process which can be produced either on-site or by outsourcing, 'stored CO<sub>2</sub> from one or more sources within the refinery' should be interpreted to include also CO<sub>2</sub> captured from the production of an imported product stream.

### 5.1.3. *Common requirements of CCS and RES Projects*

#### 5.1.3.1. Capacity Threshold

47. The Capacity Thresholds set out in Annex I of the Decision and reproduced in Annexes 2 and 3 of this Call have to be met.

The Capacity Thresholds should be considered as aggregate figures. The Project may be modular in design as long as the distribution of modules within the Project boundary is reasonably homogeneous and, for power generation, all modules are connected to the grid via a single connection. It should be considered sufficient that the aggregate capacity of all of the modules in a Project satisfies the Capacity Thresholds; however, individual modules must comply with any specific requirements in Annex I of the Decision (e.g. turbine size for wind projects). For certain Sub-categories or Categories there may be more than one distinct

technological solution. In such cases, modules of the distinct technological solutions could be combined in a single Project, but the aggregate of modules for each solution should be above the relevant threshold, otherwise the aim of demonstration at the requisite scale would be defeated. The provisions on modularity should not be applied to smart grid Projects.

Where a Member State is not in a position to submit proposals for Projects falling under any of the Sub-categories which meet the relevant Capacity Thresholds, proposals for Projects below the relevant thresholds may be submitted by the Member State and shall be considered potentially eligible for an Award Decision pursuant to Article 6(2) of the Decision, provided that the derogation from thresholds is supported by a well-founded, credible justification given by the Member State.

#### 5.1.3.2. Date of Entry into Operation

48. In order to be eligible for the Second Round of Funding, Project Sponsors must demonstrate in the Application Forms a reasonable expectation of entry into operation by 30 June 2018 on the basis of an adoption of the respective Award Decision by 30 June 2014. This means in effect that a reasonable expectation of entry into operation within four years of an adoption of the respective Award Decision has to be demonstrated.

#### 5.1.3.3. Location

49. Projects must be located in the territories of the Member States and EEA countries, their exclusive economic zones and their continental shelves.

#### 5.1.3.4. All relevant permits in place or underway and sufficiently advanced

50. The Decision requires that all relevant national Permits for the Project must be in place and in line with relevant requirements under EU legislation, or the relevant permit procedures underway and sufficiently advanced to ensure start-up of the commercial operation could take place by 30 June 2018 on the basis of an adoption of the respective Award Decision by 30 June 2014.
51. The Project Sponsor will provide details of all national Permits required to construct and operate the Project under relevant national and European legislation in Application Form D (see Appendix 1) and shall identify those which are held, those which are pending, and those which have not yet been applied for together with the details of the expected application date and timetable for completion. In respect of a Trans-boundary Project details will need to be provided in relation to each Member State in which any part of the Project is located.
52. Member States will review the information provided by the Project Sponsor in the Application Form. The Member State will verify in the Submission Form the information provided by the Project Sponsor in the Application Form D. Where a Trans-boundary Project is being proposed the Lead Member State completing the Submission Form (on behalf of all the Member States in which the Trans-boundary Project is located) will be required to confirm that all relevant Member States have been consulted and responded in relation to the Submission Form questions and their responses are incorporated.



53. In respect of Permits relating to the geological storage site for a CCS project in accordance with Directive 2009/31/EC, in cases where exploration of the site according to Article 5 of the Directive is required, it will be considered sufficient if the exploration permit procedure is underway, given that the permit procedure for the storage permit is temporally dependent on the permit procedure for the exploration permit.
54. The specification in the previous paragraph is without prejudice to the Eligibility Criterion in Annex I.B.I of the Decision that permits shall be sufficiently advanced to ensure that start-up of commercial operation could take place by 30 June 2018 for the Second Round on the basis of an adoption of the respective Award Decision by 30 June 2014, or to the condition on Award Decisions in Article 9 of the Decision that all permits, including the storage permit, must be in place within 24 months of the Award Decision, or 36 months for saline aquifer storage.

#### 5.1.3.5. Binding commitment to Knowledge Sharing and intellectual property licensing

55. The Decision requires certain Knowledge Sharing Obligations are complied with in order for Funding to be provided. The relevant requirements are the Knowledge Sharing Obligations set out in the Specifications for Legally Binding Instrument and the intellectual property licensing requirements set out in the Specifications for Legally Binding Instrument. Project Sponsors should confirm their agreement to comply with the knowledge sharing and intellectual property licensing requirements set out in Article 12 and Annex II of the Decision, and in the Specifications of the Legally Binding Instrument, in Application Form F in Appendix 1.

## 5.2. Selection Assessment

### 5.2.1. *EIB Due Diligence assessment*

56. The EIB will be responsible, acting for the NER 300 process on the request of, on behalf of and for the account of the Commission, for undertaking the Due Diligence assessment on the Proposals submitted by Member States (those Projects which pass the Eligibility Assessment and are supported by the Member States) pursuant to Article 7 of the Decision. The EIB shall carry out its Due Diligence assessment in an impartial and objective manner in accordance with the specifications agreed with the Commission. Accordingly, determination and ranking of Projects shall be done on this basis. The Commission shall be responsible for issuing the Award Decision.
57. The EIB will review all Proposals submitted by Member States and undertake a completeness check to ensure that information and evidence according to and following the requests of the Application and Submission Forms have been provided in full. It will seek any necessary clarification and confirmations with Project Sponsors, where appropriate.
58. The EIB will prepare Due Diligence assessment on Proposals, including:
1. Conducting financial and technical Due Diligence; and
  2. Raising clarification questions, where appropriate, and specifying an appropriate deadline for receiving a full and complete response. Clarification may also be sought via teleconferences and site visits, where appropriate.

3. Where data and/or calculations carried out by Project Sponsors and Member States are not compliant with the provisions in the Decision or with the Call for Proposals, the relevant figures to ensure compliance with the provisions of the NER 300 Decision and this Call for Proposals will be adjusted, and adjusted Relevant Costs and adjusted CPUP will be re-calculated.
59. Due Diligence assessment will cover also the procurement strategy of the Project Sponsors with a view to assessing compliance with relevant EU legislation and identifying whether the procurement procedures are appropriate, well planned and in progress such as to allow satisfactory delivery of the Project.
60. The EIB will allocate all Projects received to the appropriate technology Category/Sub-category as defined in Annex I of the Decision or Annexes 2 and 3 of this Call. It will also report on the geographical allocation of Projects. The Project shall be allocated to the Category/Sub-category of submission unless there has been an erroneous submission, in which case, after clarification with the Project Sponsor, the EIB shall reallocate to the correct Category/Sub-category.
61. On completion of the Due Diligence assessment, the EIB will determine the CPUP for all Projects for which Due Diligence is concluded positively.

#### *5.2.2. Eligibility verification*

62. The Commission will verify the Eligibility Assessment done by the Member States to ensure that all short-listed Projects meet the Eligibility Criteria set out in the Decision.

### **5.3. Ranking list**

63. Following the completion of the assessment as described above, ranked lists for CCS and RES Projects will be drawn up separately. The Projects will be ranked in order of increasing CPUP score (i.e. those with lowest CPUP will be ranked highest). All CCS projects will be ranked together, while RES projects will be ranked within their respective Sub-category. The set of top-ranked projects in all RES Sub-categories will form the RES Group; for CCS the 8 highest-ranked projects that meet the requirements in Article 8.2(a)-(c) of the Decision will form the CCS Group.

### **5.4. Confirmation process**

64. The Commission will ask Member States to confirm their support to the relevant projects constituting the RES Group and the CCS Group, and, where appropriate, the value and structure of the total public funding contribution on the basis of the project financial package. The Commission shall ensure compliance with Article 8(4) of the Decision, if appropriate. This means that, where a Member State reaches a limit of three projects to be awarded Funding over the two Calls for Proposals, that Member State shall determine, by refusing confirmation, which Project(s) shall be deleted from the list to bring its total to three.
65. Any non-confirmed project shall be replaced by the next highest ranked Project in the relevant (Sub-)category. In the case that this results again in a Member State reaching the limit of three Projects to be awarded Funding over the two Calls for

Proposals, the procedure in this and the preceding paragraph shall be repeated until all the Member States to be awarded Funding comply with such limit.

#### **5.5. Final list and Award Decision**

66. On the basis of the final list of confirmed Projects in the CCS and the RES Groups, the Funding Proportion between the CCS and RES Groups shall be calculated as the ratio of the funding requests between the two Groups. Following monetisation of the EUAs, the total funding available for the Second Round of Calls for Proposals will be determined and apportioned to the two groups in the Funding Proportion determined above. The Commission will then check, for each Group, if the available Funding is greater than the total Funding requested. In the case that insufficient funds are available to honour all requests, it will delete Projects from the CCS Group and RES Group until the request for Funding is less than the available funds, using the procedure specified in Article 8(3) of the Decision. However when following this procedure, if appropriate, the Commission will ensure that Projects from technology (Sub-)categories which have not yet received an award in the First Round shall be deselected last.
67. The Commission aims at maximising the allocation of funds for Projects under the second call. Where at the end of the de-selection process an allocation that is less than the Funding available for a particular Group results, the project representing the lowest CPUP in the same Group whose NER 300 Funding Request is inferior to the remaining funding of the particular Group shall be selected. This process will be repeated, if required. If there is no Project in a particular Group whose NER 300 funding request is inferior to the remaining Funding available for a particular Group, it will be sought to re-allocate this Funding to the other Group and repeat the procedure described above.
68. In the case that excess funds are available, additional Projects will be added to the RES Group and CCS Group using the following procedure: Among the non-selected Projects in each Group, the Project representing the lowest CPUP shall be selected first, the Project representing the lowest CPUP in another Category shall be selected next, and the procedure will be repeated until selecting an additional project would lead to a Funding request in excess of the available funds.
69. The Commission will then consult with the CCC and following this, announce the list of Projects for the Award Decision for the Second Round of the Call for Proposals.

#### **5.6. Reserve list**

70. On the completion of the balancing exercise outlined in Section 5.5, the Commission will establish, where appropriate, a reserve list of Projects. Such reserve list will be used if the possibility arises to co-finance further demonstration projects under the Decision, should funds become available after the adoption of the Award Decision for the Projects on the final list in Section 5.5, for example in case of a project failure pursuant to Decision C(2012)9432, Annex 2, para 3 (Award Decision under the first Call for Proposals of the NER 300 funding programme). The Commission will seek to allocate funding by applying the same procedure outlined in Section 5.5.

## **5.7. Trans-boundary Projects**

71. Where a Project is intended to take place on the territory of several Member States, this will be considered as a Trans-boundary Project. Trans-boundary Projects are those where the Project straddles a national boundary and can occur in the following cases: An array of generation units e.g. PV cells or wind turbines sits across the boundary; CO<sub>2</sub> carriage from generation plant to storage site crosses boundaries either via pipelines, shipping or road/rail transportation; and storage reservoirs extend across a boundary such that the CO<sub>2</sub> will migrate between Member States.
72. Trans-boundary Projects do not include situations where the supply chain or electricity crosses a national border i.e. where biofuel feedstock produced in one country is processed in another or where there are electrical interconnections between countries. Further, a Project where a technology is tested in a Member State and then deployed in another Member State is not a Trans-boundary Project.
73. The Member State receiving the Proposal from the Project Sponsor shall contact the other Member States concerned and cooperate with them with a view to reaching a common decision on the submission of the Proposal for the Project by that Member State. The Member State submitting the Proposal to the EIB will become the Lead Member State and cooperate with other Member States for all aspects of the Project. In making their submission, the Lead Member State will be required to confirm that all relevant Member States have been consulted and responded in relation to the Submission Form questions and each Member States' responses are incorporated.

## **5.8. Installations combining technology sub-elements each of which fits in a different technology Category or Sub-category**

74. Examples of such installations are an installation combining a pre-combustion CCS sub-element with a post-combustion CCS sub-element; or an installation combining an offshore wind sub-element, with a marine/tidal current energy sub-element.
75. Where any of the sub-elements in question is individually eligible under the relevant Category or Sub-category, a Proposal covering only the sub-element concerned, made under the relevant Category or Sub-category, should be considered acceptable.
76. Proposals combining sub-elements each of which would fit under a different Category or Sub-category should not be accepted. To accept such Proposals could generate perverse consequences. For instance, a Proposal combining a more expensive with a less expensive technology would tend to have an average CPUP lower than the average for the more expensive technology. If the Proposal were submitted under the Category or Sub-category for the more expensive technology, it would have an automatic competitive advantage not related to the quality of the technical solution proposed.

## **5.9. Shared infrastructure**

77. Where a Project shares infrastructure with another Project, only the apportioned costs of the shared infrastructure relating to the project for which a Proposal is made should be included in the Proposal. For example for a CCS Project sharing transport and storage infrastructure with another Project, the Project Sponsor should provide cost and benefit information only for its own generation and capture plant, and its

proportion of the relevant transport and storage costs. Transport and storage costs should be apportioned as agreed by the Projects concerned.

78. The calculation of any award under the NER 300 should be based on the cost estimate described in the previous paragraph. A Project Sponsor should provide evidence at the point of submission of its Proposal, that should the project with which it proposes to share infrastructure ('the Partner Project') not be selected for Award Decision, it would be able to meet any additional infrastructure costs entailed or the necessary infrastructure will be available independently of the other project. The request for public funding may not be changed in the case that the partner project is not selected.

#### **5.10. Key process stages**

79. The overall NER 300 Process and the procedures that need to be taken at each stage are set out in the Decision.
80. The process can be divided into the following three primary stages:
1. The Call for Proposals (submission of Proposals by Project Sponsor and Eligibility Assessment of Proposals by Member States);
  2. Selection assessment, including Due Diligence assessment of Proposals (EIB), eligibility verification (Commission); and
  3. Determination of ranking list, confirmation process with Member States, final list and Award Decision by Commission.
81. The indicative timetable for the Second Round of Calls for Proposals is set out in the table below. The timing of the stages after submission of Proposals from Member States to the EIB will depend inter alia on the number of proposals received. According to the Cooperation Agreement with the Commission, the default period for the EIB to complete their evaluation, to rank the projects and to make recommendations for Award Decisions to the Commission is 9 months from the submission of the Proposals to the EIB. However, the Commission and EIB may agree on a shorter or longer period, depending on the number of proposals received.

**Table 1: Indicative timetable for the second round of Call for Proposals**

<b>Activity</b>	<b>Deadline</b>
Call for Proposals published	3 April 2013
Member States submit Proposals to the EIB	3 months from publication of Call for Proposals
Selection assessment, notably EIB Due Diligence assessment	Up to 12 months from publication of Call for Proposals, subject to the number of Project Applications
Ranking list, confirmation and Award Decision	Up to 17 months from publication of Call for Proposals, subject to the number of Project Applications

82. Based on the initial ranking list provided by the EIB to the Commission, the subsequent selection assessment steps, the determination of the final ranking list, after re-consulting the Member States requested to confirm, where appropriate, the value and structure of the total public funding contribution, and following an opinion from the Climate Change Committee, the Commission will adopt an Award Decision for the Second Round addressed to the relevant Member States as soon as possible. The Commission aims to make the award decision by mid 2014.

## **6. RELATION WITH STATE AID ASSESSMENT**

83. The award of funding under the NER 300 is conditional on all necessary State Aid approvals being granted in accordance with Article 9 of the Decision. The funding under the NER 300 does not constitute State Aid as no State resources are involved, while national co-financing may constitute State Aid and needs to be notified to the Commission. Member States are encouraged to contact the Commission services at an early stage for State Aid aspects and pre-notify their projects. Member States should be aware that a separate notification must be made in respect of any State Aid awarded to projects, containing the information which is necessary to enable the Commission to assess the compatibility of the aid. The Commission, in its State Aid assessment, will take into account the potential NER funding in order to verify the necessity and proportionality of the State Aid.

## **7. SPECIFICATIONS FOR LEGALLY BINDING INSTRUMENT**

84. Pursuant to Article 11 of the Decision, Member States shall disburse the revenues to Project Sponsors on the basis of Legally Binding Instruments. The Specifications for Legally Binding Instrument are provided in Annex 4 to this Call. Member States are required to confirm that any legally binding instrument entered into with Project Sponsors will be in accordance with the Specifications for Legally Binding Instrument provided in Annex 4 to this call.

## **8. CRITERIA FOR SELECTION OF PROJECTS FOR SUBMISSION TO THE EIB**

85. In selecting which projects they wish to support at national level, Member States must comply with all relevant EU law requirements. Pursuant to Article 10a (8) of the ETS Directive, Projects shall be selected on the basis of objective and transparent criteria. It applies to all stages in the selection process, including to the selection of projects for submission to the EIB. Moreover, Member States must comply with the general principles of EU law, including the principle of equal treatment, the principle of non-discrimination and the principle of transparency.
86. In selecting which projects they wish to support at national level, Member States must comply with all relevant EU law requirements. Pursuant to Article 10a(8) of the ETS Directive, Projects shall be selected on the basis of objective and transparent criteria. It applies to all stages in the selection process, including to the selection of projects for submission to the EIB. Consequently, Member States shall determine which Projects to support and submit by means of an advertised procedure which shall be conducted in accordance with publicised objective, transparent and non-discriminatory criteria.

## **9. WHO CAN APPLY?**

87. The Application Forms shall be submitted by the Project Sponsor to the Member State in which the Project will be implemented, or the Lead Member State in the case of a Trans-boundary Project. It is not permissible for a Proposal to be submitted directly from a Project Sponsor to the EIB.
88. It is envisaged that Project Sponsors will fall into one of the following Categories:
1. A single organisation which seeks to undertake all aspects of the Project, engaging with subcontractors as required; or
  2. A consortium of organisations acting together in a Special Purpose Vehicle, Joint Venture or otherwise (whether or not these entities have been legally formed at the time of submission of the completed Proposal).
89. Although it is envisaged that Member State support for a Project may take the form of funding support, this is not a requirement of the Decision. Projects without Member State funding will be accepted for Due Diligence provided the Member State confirms their eligibility and supports them.
90. All Member States are eligible to submit Project Applications. In addition, EEA countries (Iceland, Liechtenstein, Norway) are also eligible to apply.
91. Article 8(3) of the Decision states that subject to the availability of Proposals recommended by the EIB pursuant to Article 5(4) for Award Decisions, no more than three projects shall be funded within one Member State. Based on the experience gathered during the First Round, it is highly likely that recommended Proposals for projects from Member States that were awarded fewer than three projects under the First Round will be sufficient to exhaust the funds available for the Second Round. Consequently, any such recommended Project would have to be given priority over any Project proposed by Member States which have already received three awards in the First Round, in accordance with the above mentioned legislation, and that further awards to Projects proposed by those Member States would hence seem very highly unlikely.

## **10. ROLES AND RESPONSIBILITIES**

### **10.1. Commission**

92. The Commission takes overall responsibility for the NER 300 Process and for the decisions made in relation to the process, but has delegated some functions to other entities. The Commission has sought support from the EIB in the implementation of the Decision and will consult with the CCC. Member States are responsible under the Decision for the Eligibility Criteria Assessment. The Commission's role during the process will include:
1. Assessing State Aid compatibility of the public co-funding, where applicable;
  2. Verifying the Member State Eligibility Assessment of Projects; Determining the CCS Group and the RES Group following the completion of the selection assessment steps;

3. Re-confirming with Member States the value and structure of the total public funding contribution, based on the Project financial package, for Projects belonging to the CCS and RES Group;
4. Calculating the Funding Proportion between the CCS & RES Group based on the above population of Projects confirmed by Member States;
5. Following monetisation of the EUAs, adjustment of the ranking lists of confirmed projects in the CCS Group and RES Group according to available funds where appropriate, pursuant to Article 8 of the Decision and Section 5.2 of this Call.
6. Consulting with CCC;
7. Adopting and publishing Award Decision and Adjusted Award Decisions, and
8. Adopting Rejection Decision for Projects which fail the Due Diligence assessment and/or the Eligibility verification.

## **10.2. EIB**

93. The EIB will review eligible Proposals received and undertake a completeness check to ensure that all information and evidence according to and following the requests of the Application and Submission Forms have been provided in full. Clarification questions may be raised as set out in Section 12.11 where appropriate.
94. The EIB will then prepare Due Diligence assessment on the Proposals, including:
  1. Conducting detailed financial and technical Due Diligence in accordance with Article 7 of the Decision and with the specifications agreed with the Commission;
  2. Raising clarification questions where appropriate, specifying an appropriate deadline for receiving a full and complete response; clarifications may include site visits and teleconferences;
  3. Recommending an initial allocation of Projects by technology and geography;
  4. Calculating the CPUP score for each Project that does not fail Due Diligence and provide an initial ranking list of Projects to the Commission. If appropriate, the relevant figures will be adjusted to ensure compliance with the provisions of the NER 300 Decision and this Call for Proposals, and adjusted Relevant Costs and adjusted CPUP will be re-calculated.

## **10.3. Project Sponsors**

95. Project Sponsors are required to provide documentation according to and following the information requests of the Application Forms provided in Appendix 1 and submit these within the required timescale to the relevant Member State in whose territory the Project will take place (or in case of Trans-boundary Projects, to the Lead Member State).
96. The Project Sponsor shall coordinate with the appropriate Member State during the development and submission of the Application Forms, in particular for RES projects, with regard to the Member State's definition of the Reference Plant for the



Project (also see Section 10.4 below). For submission of Trans-boundary Projects please refer to Section 5.7.

97. Following submission of those Proposals which are supported by the Member State to the EIB, the Project Sponsor shall respond directly to EIB information requests and clarifications during the Due Diligence process. Where additional information and/or confirmations are required from Member States in order to respond to the EIB, the Project Sponsor shall be responsible for coordinating and providing this information. The Project Sponsor shall also notify the relevant party of any change to its circumstances in accordance with Section 12.6.

98. Following Award Decisions being made, Project Sponsors are required to adhere to the MRV information reporting obligations and Knowledge Sharing Obligations as set out in the Specifications for Legally Binding Instrument.

#### **10.4. Member States**

99. Member States will be required to determine which Projects submitted to them from Project Sponsors seeking funding in their territory they wish to support, and to submit the relevant documentation to the EIB.

100. Member States shall be responsible for the following:

1. Collecting Proposals from the Project Sponsors, including specifying the process by which Project Sponsors submit Proposals to them;
2. Defining the Reference Plant for RES and CCS projects and communicating this to Project Sponsors;
3. Conducting the Eligibility Assessment (see Annex 6) and reporting (through completion of the ECA Form, Section 1 of Submission Form B -) on the Projects on the basis of the Eligibility Criteria as set out in this Call for Proposals;
4. Completing the Submission Forms contained in Appendix 2 of this Call for Proposals;
5. Providing the Commission, copied to the EIB, with an interim communication providing information on the number of Projects it intends to submit, including the Project name/overview/Funding requirement by Category and Sub-category within 6 weeks of the launch of the Call; and
6. Submitting the Proposals it considers eligible and wishes to support to the EIB.

101. Although it is anticipated that Projects funded under the Decision will in most cases be co-financed by Member States, this is not a requirement of the Commission; however in all cases the Member State will be required to indicate its support for the Project.

102. When submitting Proposals, the Member State shall provide the information outlined in the Submission Forms in Appendix 2.

103. In order to provide the requested information in the timescales detailed in Section 0, it will be important that the Member State defines the Reference Plant for each RES and CCS technology, and any associated assumptions, at an early stage in the process

to enable the Relevant Costs to be determined in conjunction with the Project Sponsor. The Member State should ensure, when defining the Reference Plant that for all projects within a given Sub-category the technology type is the same. Technology type refers to the specific system/process design including plant, equipment and materials. The Project Sponsor will, in agreement with Member States, determine any assumptions e.g., fuel price, rate of inflation etc., for their own individual project. Member States should ensure that the assumptions made for all the Projects they submit are consistent unless justification is provided for a difference. For bioenergy projects, when Member States choose a fossil fuel price as a reference, the comparison should be between the net cost of the renewable energy produced and the price before tax of gasoline or any other fossil fuel reference as considered appropriate. Application Form C, Annex C.2 for Bioenergy subcategories provide additional guidance on the calculation method to be followed where the Member State decide to choose the fossil fuel reference price.

104. Following the determination of the CCS Group and the RES Group after the completion of the selection assessment steps, Member States will be required to re-confirm to the Commission, where appropriate, the value and structure of the total public funding contribution and whether the Member State continues to support the Project. If a Member State has more than three Projects (not including Trans-boundary Projects) on the list, the Member State shall determine which Project(s) shall be deleted from the list to bring its total to three.
105. Following the Award Decision, Member States shall be responsible for the following:
  1. Disbursement of the Funding to Project Sponsors on the basis of a legally binding instrument which conforms to the Specifications for Legally Binding Instrument (see Section 7);
  2. Submitting to the Commission reports on the implementation of the Projects including the amount of CO<sub>2</sub> stored or renewable energy produced, the funds disbursed and any significant problems with the Project implementation.

#### **10.5. Climate Change Committee**

106. The Commission will take into account the CCC opinion in making Award Decisions.

### **11. SUBMISSION OF PROPOSALS**

107. As outlined in Section 10 above and in accordance with the Decision, both the Project Sponsor and the Member State are required to provide documentation and supporting evidence according to and following the information requests of the Application Forms and Submission Forms, including ECA Form (which together make up the Proposal), to the EIB. The following sections provide an overview of the information to be submitted for each Project.

#### **11.1. Information and Evidence requirements**

108. The relevant sections of the Application and Submission Forms indicate the format, level of information and evidence required for each project application. The response

to each question in the forms will be evaluated based on the information and supporting evidence provided in response to that question. Where the Project Sponsor or Member State wishes to use single pieces of evidence for different parts of the Proposal, these must be relevant and clearly cross-referenced showing document name, page and paragraph or sheet number.

109. In some cases diagrams, flowcharts and tables are suggested in addition to the narrative. It is not a requirement to provide all charts, tables and diagrams suggested and Project Sponsors and Member States are free to provide additional information (as appendix to the Application Forms) if they believe this will assist the EIB's financial and technical Due Diligence activities. A summary of the additional information/appendix shall be included in the relevant Application Form.
110. In each case the Project Sponsor and Member State should provide the information/evidence requested to the fullest possible extent. If some elements of the Project are less developed at the time of submitting the Proposal, the most up to date position should be stated.
111. Where the whole of the requested information/evidence cannot be provided, Project Sponsors and/or Member States should state the steps they plan to take to develop the relevant element of their Project with reference to the objective of reducing risk or uncertainty. Where the Project Sponsor or Member State considers that the requested evidence is not applicable to the Project in question, it should provide a statement explaining why this is the case.
112. Information provided in the Application Forms and Submission Forms should be internally consistent throughout. Cross references should be provided where requested.

## 11.2. Application Forms

113. Project Sponsors are required to complete or respond to the information requests set out in the Application Forms and submit these to the Member State in whose territory the Project will take place (for Trans-boundary Projects please refer to Section 0). The Member State should provide details of the Reference Plant for the Project well in advance of the submission date of Application Forms. Project Sponsors are required to complete/respond to all sections of the Application Forms relating to the CCS and RES technology groups in which their Project falls. The technology groups are described in Annexes 2 and 3 and the Application Forms are summarised in the table below.

**Table 2: Summary of Application Forms**

<b>Application Form reference number</b>	<b>Application Item</b>
A	General Information on Project and on the Project Sponsor
B	Technical Presentation
C	Financial and Cost
D	Relevant Environmental Assessment, Relevant National Permits and Confirmation of Location
E	Risks

F	Project Sponsor's Declarations
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### 11.3. Submission Forms

114. Submission Forms are to be completed by the Member State and submitted together with the completed Application Forms to the EIB acting for the NER 300 process on the request of, on behalf of and for the account of the Commission. The Submission Forms are summarised in the table below.

**Table 3: Summary of Submission Forms**

Submission Form Reference Number	Submission Form Item
A	Member State's Declarations
B	Eligibility
C	Financials
D	Project Outputs

## 12. INSTRUCTION TO PROJECT SPONSORS

### 12.1. Confidentiality/Data Protection

115. The Project Sponsor and Member States will keep confidential the details of any Proposal and any information made available in connection with any further enquiries and/or discussions with the Commission or its advisers. The details of any Proposal may be made available to the Project Sponsor's employees and professional advisers directly involved in the appraisal of such information and Project Sponsors shall procure that any entity which receives any details of any Proposal is made aware of, and complies with, the provisions of this paragraph as if they were the Project Sponsor.
116. Subject to the provisions of 12.8, the Commission will keep confidential the details of any Proposal and any information made available in connection with any further enquiries and/or discussions with the Commission, the EIB or its advisers, and to ensure that any party receiving information from the Commission does so also. The details of any Proposal may be made available to the Commission and the EIB's employees and professional advisers directly involved in the appraisal of such information.
117. The Commission may disclose detailed information relating to any Proposal made by a Project Sponsor, to its members, directors, officers, employees, agents or advisers and to any members, directors, officers, employees, agents or advisers, of the EIB.
118. The follow-up of responses to this Call for Proposals will require the recording and further processing of personal data (e.g. name, address, CV, etc.). This data will be processed in accordance with the requirements of Regulation (EC) No 45/2001 on the protection of individuals with regard to the processing of personal data by Community institutions and bodies and on the free movement of such data. Unless otherwise stated, replies to questions and personal data requested are necessary for the purpose of assessing the Proposal (according to the specifications of this Call for Proposals) and will be processed within the Commission as data controller, for this purpose. For the purposes of safeguarding the financial interests of the Communities,

the personal data may also be transferred to internal audit services, to the European Court of Auditors, to the Financial Irregularities Panel or to the European Anti-Fraud Office ('OLAF').

119. The individuals whose personal data has been provided in response to the Call for Proposals may, upon request, have their personal data sent to them and rectify any inaccurate or incomplete particulars. Should such individuals have any queries concerning the processing of personal data, they should be addressed to the entity acting as data controller within the Commission. As regards the processing of personal data, individuals have the right to bring the matter before the European Data Protection Supervisor at any time.
120. The Project Sponsor confirms that all individuals whose personal data is submitted by the Project Sponsor agree that such personal data may be used for the above purposes.

## **12.2. Response to the Call for Proposals**

121. In order to ensure administrative efficiency Project Sponsors are requested to contact the relevant Member State or, if applicable, Lead Member State, in which their Project is intended to take place in writing indicating their intention to submit a Proposal under this Call for Proposals. No specific information needs to be included with this response.
122. Member States are also requested to confirm receipt of the Call for Proposals and notify the Commission and the EIB of the number of Proposals, including the number envisaged for each Category and Sub-category, and the Project name, likely to be submitted to the EIB. Member States will be asked to submit this information within six weeks of the launch of the Call.
123. The EIB will acknowledge the receipt of submissions from Member States.

## **12.3. Instructions for Submission of the Proposal**

124. The following sections outline the process by which Project Sponsor and Member States should submit their application to the EIB.

### *12.3.1. Project Sponsor Submission to Member State*

125. Completed Application Forms together with supporting information and documentation such as copies of accounts etc., must be submitted to the relevant department of the appropriate Member State or Lead Member State (in the case of Trans-boundary Projects) in whose territory the Project will take place. Contact points in each Member State are provided in Annex 5.
126. Project Sponsors must refer to the specific instructions which will be issued by the relevant Member State for details regarding file names, submission address, etc.

### *12.3.2. Authorised representative*

127. A representative of the Project Sponsor must provide a declaration stating that they are a duly authorised representative of the Project Sponsor authorised to make the application for Funding on behalf of the Project Sponsor and are otherwise in

compliance with the relevant criteria, as provided at Appendix 1, Application Form A.

*12.3.3. Member State Submission to EIB*

128. Following the receipt of the Application Forms and supporting information from the Project Sponsors to the Member State, the Member State must undertake the Eligibility Criteria Assessment as outlined in Annex 6 and complete the associated Eligibility Criteria Assessment Form for each of the Projects.
129. For those Projects which are assessed as eligible and which the Member State intends to support, the Member State must also complete the corresponding Submission Forms as provided in Appendix 2 and submit these together with the Application Forms and supporting information from the Project Sponsor to the EIB.
130. Member States must submit the original response from the Project Sponsor (the Application Forms), along with the Submission Forms (which Member States are required to complete) within 3 months of the publication of the Call to a secure data room established by the EIB. Details of how to submit the application and submission forms to the EIB's data room will be provided to the Member States by within 6 weeks of the publication of the Call. The data room will ensure the full confidentiality of all documents submitted.
131. All submission should be submitted as Microsoft Word or Excel compatible documents and named according to the following convention:

MEMBER STATE\_TECHNOLOGY CATEGORY\_APPLICATION FORM  
NUMBER\_DATE YYYY-MM-DD\_PROJECT SPONSOR\_PROJECT NAME.doc

or

MEMBER STATE\_TECHNOLOGY CATEGORY\_APPLICATION FORM  
NUMBER\_DATE YYYY-MM-DD\_PROJECT SPONSOR\_PROJECT NAME.xls

132. To avoid unduly long file names, the following abbreviations shall be used:

1. Member States:

Member State	Abbreviation	Member State	Abbreviation
Austria	AT	Latvia	LV
Belgium	BE	Lithuania	LT
Bulgaria	BG	Luxembourg	LU
Cyprus	CY	Malta	MT
Czech Republic	CZ	Netherlands	NL
Denmark	DK	Poland	PL

Estonia	EE	Portugal	PT
Finland	FI	Romania	RO
France	FR	Slovakia	SK
Germany	DE	Slovenia	SI
Greece	EL	Spain	ES
Hungary	HU	Sweden	SE
Ireland	IE	United Kingdom	UK
Croatia	HR	Norway	NO
Italy	IT	Iceland	IS
Liechtenstein	LI		

2. Project Category: See Annexes 2 & 3 of this Call

3. Application Form number: AF A to –F

4. Submission Forms: SF A to D

The documents shall be included in a folder named according to the following convention:

**MEMBER STATE\_TECHNOLOGY CATEGORY\_PROJECT NAME X**

with the following structure:

- Application Forms (AF) and related documents:

- AF A – General Information on the Project and on the Project Sponsor
- AF B – Technical Presentation
- AF C – Financial and Costs
- AF D – Relevant Environmental Assessment, Relevant National Permits and Confirmation of Location
- AF E – Risks
- AF F – Project Sponsor's Declarations

- Submission Forms (SF)

- SF A – Member State's Declarations
- SF B – Eligibility
- SF C – Financials
- SF D – Project Outputs

The folder structure will be made available to Member States via the Commission's NER 300 website or by email.

133. For example the file name of the financing Application Form (AF) for a Swedish onshore wind project optimised for cold climates, sponsor name ABCDEFG, project name HIJKLM would be: SE\_WINe\_12\_2013-05-10\_ABCDEFG\_HIJKLM.doc. This document shall be included in the sub-folder "AF C – Financial Information and costs" of the project folder SE\_WINe\_ HIJKLM. In case, an appendix to the financing application form is submitted, it shall also be included in the same sub-folder "AF C – Financial Information and costs". For example the file name of the appendix 3 of a financing application form for the abovementioned project shall be SE\_WINe\_AF\_C3\_2013-05-10\_ABCDEFG\_HIJKLM.doc. In their submission, the Project Sponsors are required also to include the completeness form to ensure that all relevant application forms have been completed.

#### *12.3.4. Submission of Trans-boundary Projects*

134. Where a Project Sponsor is submitting a Proposal for a Trans-boundary Project, the completed documentation should be submitted to all Member States in whose territory a proportion of the Project will take place. The Member States receiving the Proposal shall contact the other Member States concerned and cooperate with them with a view to reaching a common decision on the submission of the Project, including selection of the Lead Member State, and advise the Project Sponsor accordingly. The submission will then be made by the Lead Member State as set out in Section 5.7.

#### **12.4. Changes to the process**

135. Should there be any change at any time to the NER 300 Process, the Commission will publish details of such changes via the Commission's NER 300 website. All interested parties are advised to regularly check the website.

#### **12.5. Costs and expenses of submission**

136. All costs and expenses incurred by Project Sponsors in preparing their Proposal will be borne by the Project Sponsor. There will be no recourse for the recovering of these costs should a Project Sponsor be unsuccessful or if the NER 300 Process is terminated, suspended or amended by the Commission. All submissions relating to this award process are made at the risk of the Project Sponsor.
137. All costs and expenses incurred by Member States in connection with performing the Eligibility Assessment or completing the Submission Forms will be borne by the Member State. There will be no recourse for the recovering of these costs should a Member State's submission be unsuccessful or if the NER 300 Process is terminated, suspended or amended by the Commission. All submissions relating to this award process are made at the risk of the Member State.

#### **12.6. Notification of changes to submission**

138. Project Sponsors may not change their Proposal in substance (e.g. with regard to the technological solution to be deployed, scale, projected output or requested funding), once it is submitted to the EIB. However, they must, without delay, inform either the Member State or the Member State in addition to the EIB and Commission,



depending whether the change occurs prior to or following submission of the Project Proposal from the Member States to the EIB, of the following:

1. Any change to the information provided in response to any questions in the Application Form that may arise at any time during the Project Sponsor's participation in the NER 300 Process including those which may impact the eligibility of the Project;
2. Any material adverse change in the financial strength of the Project Sponsor occurring at any stage of the NER 300 Process; or
3. Any changes in composition of and any change of control in respect of the Project Sponsor, or member of the Project Sponsor, occurring at any stage of the NER 300 Process. Project Sponsors are encouraged to discuss any such proposed changes before they occur; or
4. Any other changes that may influence Project implementation such as regulatory matters, financing conditions or other.

139. All changes must be notified at the following email address:

[CLIMA-NER300@ec.europa.eu](mailto:CLIMA-NER300@ec.europa.eu)

[ner300@eib.org](mailto:ner300@eib.org)

140. All changes notified to the EIB and Commission will be acknowledged and the Project Sponsor may be required to provide further clarification as set out in Section 12.11.

141. The Commission has the discretion to treat the request for substantial change.

142. The Commission will treat notification of substantial changes in the competition as it follows:

1. Where the change affects the CPUP to the advantage of a Project Sponsor, the ranking should be done on the basis of the original CPUP. Where the change in CPUP is based on a decrease in costs, the NER 300 Funding should however be calculated based on the changed costs.
2. Where the change affects the CPUP to the disadvantage of a Project Sponsor, the ranking should be done on changed CPUP. Where the change in CPUP results from an increase in costs; the Funding should still be based on costs as at the date of submission, i.e. Project Sponsor should not benefit from late submissions.

#### **12.7. Non-collusion**

143. The Commission reserves the right to disqualify (without prejudice to any other civil remedies available to the Commission and without prejudice to any criminal liability which such conduct by Project Sponsor may attract) any Project Sponsor who, in connection with this Call for Proposals:

1. Fixes or adjusts the amount of its application for Funding by or in accordance with any agreement or arrangement with any other Project Sponsor or member of that other Project Sponsor's supply chain;

2. Enters into any agreement or arrangement with any other Project Sponsor or member of that other Project Sponsor's supply chain to the effect that it shall refrain from making an application for Funding or as to the amount of any application for Funding submitted;
3. Causes or induces any person to enter into such agreement as is mentioned in either point 1. or 2. or to inform the Project Sponsor or member of that Project Sponsor's supply chain of the amount or approximate amount of any rival application for Funding;
4. Offers or agrees to pay or give or does pay or give any sum of money inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done any act or omission in relation to any other application for Funding or proposed application for Funding; or
5. Communicates to any person other than the Commission and the relevant Member State or in the case of Trans-boundary Projects relevant Member States, the amount or approximate amount of its proposed application for Funding (except where such disclosure is made in confidence in order to obtain quotations necessary for the preparation of the application for Funding).

### **12.8. Freedom of information**

144. The Commission is subject to Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to the European Parliament, Council and Commission documents and any guidance and/or codes of practice issued from time to time in relation to such legislation which impose duties of openness and which will have an effect upon how it treats information. Information submitted to the Commission may be disclosed in response to a request made pursuant to such legislation. Project Sponsors should satisfy themselves as to the implications of such legislation and seek legal advice if necessary.

### **12.9. Exclusion criteria**

145. By analogy with Articles 106 and 107 of the Financial Regulation<sup>5</sup>, Project Sponsors will be excluded from the NER 300 Process if they are in one of the following situations:

1. Project Sponsors will be excluded from the NER300 process if:
  - a) They are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
  - b) They or persons having powers of representation, decision making or control over them have been convicted of an offence concerning their professional conduct by a judgment of a competent authority of a Member State which has the force of res judicata;

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<sup>5</sup> REGULATION (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002, OJ L 298, 26.10.2012, p. 1.

- c) They have been guilty of grave professional misconduct proven by any means which the contracting authority can justify including by decisions of the EIB and international organisations;
- d) They are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
- e) They or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union's financial interests;
- f) They are subject to an administrative penalty referred to in Article 109(1) of Regulation (EU, EURATOM) No 966/2012.

2. An Award Decision will not be issued with regard to projects whose Sponsors, during the NER 300 Process:

- a) Are subject to a conflict of interests;
- b) Are guilty in misrepresenting the information required by the contracting authority as a condition of participation in the NER 300 Process or fail to supply this information.
- c) Find themselves in one of the situation of exclusions, referred to under 1.a) to f) above.

146. Project Sponsors are requested to certify that they are not in one of the situations referred to under points 1. or 2. of the preceding paragraph when submitting the Funding Application. To this end, Project Sponsors or their representatives should fill in and sign Application Form F, Section 3, in Appendix 1, hereby agreeing to submit to the Commission, if and when requested to do so, those certificates or documents demonstrating that the Project Sponsor is not in any of the situations referred to under points 1. or 2. of the preceding paragraph.

### **12.10 Language of submission**

147. To facilitate Due Diligence and allow for efficient and timely Award Decisions, Application Forms and Submission Forms should be completed in English. Additional documentation to support the Application Forms and Submission Forms should be possibly also sent in English.

### **12.11. Confirmation and Clarification Process**

#### *12.11.1. From the Project Sponsor*

148. Where a Project Sponsor wishes to seek clarification in relation to their Proposal, they should in the first instance address this to the Member State in whose territory the Project is intended to take place. Where a Member State is unable to provide clarification on the issue(s) raised by a Project Sponsor, the Member State may in turn raise a clarification question with the Commission (see Section 12.11.3 below). A 'Frequently Asked Questions' document on the Commission's NER 300 webpage

will be updated during the period of the Call for Proposals in response to queries to Project Sponsors and Member States. As a last resort, clarification questions may also be sent directly to the Commission (CLIMA-NER300@ec.europa.eu).

*12.11.2. From the Member State to the Project Sponsor*

149. Member States are expected to determine their own fair and reasonable process by which they communicate points of clarification on Project Sponsor submissions with the individual contacts named in the Proposal.

*12.11.3. From the Member State to the Commission*

150. Where a Member State wishes to seek clarification in relation to aspects of their submission or those of Project Sponsors, they are requested to submit a written clarification request to the Commission electronically. Upon receipt, the Commission will by return mail indicate a timeframe for the response to be provided.

*12.11.4. From the EIB on behalf of the Commission*

151. Upon receipt of the combined Proposals from Member States, the EIB shall be entitled to seek clarification from Project Sponsors or Member States regarding either the completeness of their Proposal or any aspect of their response identified during the Due Diligence process.

152. The mechanism by which the EIB will seek clarification will be as follows:

1. The EIB will issue the clarification question in a standard template via email to the identified contact at the Project Sponsor. The EIB will specify in each case the deadline for receipt of the clarification response. In the case of questions around completeness of Proposals, Project Sponsors have a maximum of 5 days to respond.
2. Where agreement and/or confirmation are required from the Member State in order to respond to the clarification question, it will be the Project Sponsor's responsibility to communicate with the Member State, and
3. If justified, clarification may involve visits of the Project Sponsor by the EIB or meetings or teleconferences with the Project Sponsor.

153. All responses to clarification questions will be logged as received, however the additional information provided in the response may be assessed at the discretion of the EIB.

### **13. ANNEXES**

#### **Annex 1: Decision**

[Decision placed on web portal for direct access as separate file]

## **Annex 2: CCS demonstration project Categories pursuant to Annex I A. I. of the Decision**

With minimum Capacity Thresholds, where CCS power thresholds are expressed as gross electrical output before capture; Capacity Thresholds are expressed as aggregate values where a project is modular.

Abbreviations are provided in square brackets below.

- power generation: pre-combustion 250 MWe [CCSpre]
- power generation: post combustion 250 MWe [CCSpos]
- power generation: oxyfuel 250 MWe [CCSoxy]
- industrial applications implementing (a) CCS on refineries with 500 kt/y stored CO<sub>2</sub> from one or more sources within the refinery; (b) CCS application to cement kiln with 500 kt/y stored CO<sub>2</sub>; (c) CCS application for primary production routes in iron and steel production with 500 kt/y stored CO<sub>2</sub>; or (d) CCS application for primary production routes in aluminium production with 500 kt/y stored CO<sub>2</sub>-project Sub-categories. [CCSind]

### **Annex 3: Innovative RES demonstration project Categories and Sub-categories<sup>6</sup> pursuant to Annex I A. II. of the Decision**

For all RES subcategories producing electricity as a final product:

– For all subcategories whose final product is electricity, all minimum capacities are to be intended as electrical power or energy output fed to the electricity network. Therefore MW or MWe means Mega Watt electric and GWh means Giga Watt hours electric.

Abbreviations provided in square brackets.

#### **1. Bioenergy**

- Lignocellulose to intermediate solid, liquid or slurry bioenergy carriers via pyrolysis with capacity 40 kt/y of the final product. [BIOa]
- Lignocellulose to intermediate solid, liquid or slurry bioenergy carriers via torrefaction with capacity 40 kt/y of the final product [BIOb]
- Lignocellulose to Synthetic Natural Gas or synthesis gas and/or to power via gasification with capacity 40 M Nm<sup>3</sup>/y (million normal cubic metres per year) of the final product or 100 GWh/y of electricity [BIOc]
- Lignocellulose to biofuels or bioliquids and/or to power including via directly heated gasification with capacity 15 Ml/y (million litres per year) of the final product or 100 GWh/y of electricity. Production of Synthetic Natural Gas is excluded under this Sub-category. [BIOd]
- Lignocellulosic raw material, e.g. black liquor and/or products from pyrolysis or torrefaction, via entrained flow gasification to any biofuels with capacity 40 Ml/y of final product. [BIOe]
- Lignocellulose to electricity with 48 % efficiency based on lower heating value (50 % moisture) with capacity 40 MWe or higher. [BIOf]
- Lignocellulose to ethanol and higher alcohols via chemical and biological processes with capacity 40 Ml/y of the final product. [BIOg]
- Lignocellulose and/or household waste to biogas, biofuels or bioliquids via chemical and biological processes with capacity 6 mio Nm<sup>3</sup>/y (million normal cubic metres per year) of Methane or 10 Ml/y of the final product. [BIOh]

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<sup>6</sup> For all RES Sub-categories, the use of active loads (electric heaters/heat pumps etc.) is not excluded.

- Algae and/or micro-organisms to biofuels or bioliquids via biological and/or chemical processes with capacity 40 Ml/y (million litres per year) of the final product. [BIOi]

NOTE: sustainability criteria as provided in Directive 2009/28/EC of the European Parliament and of the Council<sup>7</sup> on the promotion of the use of energy from renewable sources shall be met for biofuels and bioliquids within the meaning of that Directive.

*Clarifications:*

For the bioenergy subcategories:

– *Bioenergy* is by definition energy produced from biomass. As defined in the Directive 2009/28/EC of the European Parliament and of the Council, "biomass" means the biodegradable fraction of products, waste and residues from biological origin from agriculture (including vegetal and animal substances), forestry and related industries including fisheries and aquaculture, as well as the biodegradable fraction of industrial and municipal waste.

In line with Communication from the Commission on the practical implementation of the EU biofuels and bioliquids sustainability scheme and on counting rules for biofuels (2010/C 160/02), *peat* is not considered biomass.

– The terms *Lignocellulosic raw material* and *Lignocellulose* should be considered as synonyms.

– *Intermediate bioenergy carriers* should be taken to mean substances that are intermediate outputs in a bio-energy value chain and contain bioenergy at a substantially higher density than its originating raw material. Their bioenergy content should be convertible into final bioenergy products through further processing in separate, centralised facilities. Therefore, intermediate bioenergy carriers are intended to significantly improve the performance of their bioenergy value chain and in particular logistics.

– As defined in the Directive 2009/28/EC of the European Parliament and of the Council, *biofuels* means liquid or gaseous fuel for transport produced from biomass and *bioliquids* means liquid fuel for energy purposes other than for transport, including electricity and heating and cooling, produced from biomass.

– *Biogas* should be taken to mean a gas of biological origin with a sufficient quality to be used either as a biofuel or for direct injection in the gas network. The biogas content in methane should be 98% or above while the contaminant traces, such as hydrogen sulphide, as well as particulates should be removed.

– Proposals submitted for funding under sub-category BIOh and using household waste as a feedstock are encouraged to demonstrate the feasibility of co-digestion of different wastes (e.g. food waste with sewage or manure) and integration of unit operations to accomplish higher overall energy efficiency.

– For the purpose of determining the “cost per unit performance” of the projects, *performance* should be calculated as the total energy content of the final product(s) explicitly mentioned in

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<sup>7</sup> OJ L 140, 5.6.2009, p. 16.



the description of the Sub-categories, therefore excluding any additional energy streams which might be produced by the demo plant (example: heat, or other process by-products, such as, but not limited to, lignin).

– For Sub-categories BIOD, BIOe and BIOi only biofuel (and bioliquids) in liquid form should be considered for the compliance with the minimum capacity requirements.

– Projects eligible under subcategories BIOD and BIOg are excluded from BIOh.

– Proposals submitted for funding under all bioenergy Sub-categories are expected to use process integration to the extent possible in order to optimise energy and resource efficiency.

– For all Sub-categories with more than one minimum Capacity Threshold, in case of plants producing multiple final products (example: bioliquids & power), at least one of the minimum Capacity Threshold should be met.

– *Normal cubic metre* means a cubic meter of gas at temperature of 0 °C and pressure of 100 kPa.

## 2. Concentrated Solar Power

- Parabolic trough or Fresnel system using molten salts or other environmentally benign heat transfer fluid with nominal capacity 30 MW [CSPa]
- Parabolic trough or Fresnel system based on Direct Steam Generation with nominal capacity 30 MWe. [Direct steam solar temperature to be above 500 °C] [CSPb]
- Tower system using superheated steam cycle (either multi-tower or combination liner collectors – tower) with nominal capacity 50 MWe [CSPc]
- Tower system using pressurised air with temperature above 750 °C and solar hybrid gas turbine with nominal capacity 30 MWe [CSPd]
- Large-scale Stirling dish power plants with solar to electric efficiency of over 20 % and nominal capacity of at least 25 MWe [CSPe]

NOTE: Dry cooling and hybridization solution may be included in the demonstration plants. Storage solutions should be included in the demonstration plants.

### *Clarifications:*

*An environmentally-benign heat transfer fluid* should be taken to mean a heat transfer fluid to be used within the absorber tubes of the linear collectors which can operate at least up to 500 °C and whose manufacture, accidental release and disposal do not have adverse environmental impacts, including in particular on the climate, ozone layer depletion, ambient air quality, soil, surface and underground waters.

For subcategory CSPc, the steam should be produced directly in the receiver.

### 3. Photovoltaics

- Large-scale concentrator photovoltaics power plants with nominal capacity 20 MWe [PVa]
- Large scale multi-junction Si-thin-film photovoltaic power plants with nominal capacity 40 MWe [PVb]
- Large scale CIGS-based photovoltaics power plants with nominal capacity 40 MWe [PVc]

#### *Clarifications:*

For the photovoltaics subcategories only the following projects should be considered as innovative within the meaning of Article 6(1)(c) of the Decision:

- For Sub-category (1), projects with an AC system efficiency of 28 % or higher
- For Sub-category (2), projects with a module area efficiency of 11 % or higher, and an AC system efficiency of 8.5 % or higher
- For Sub-category (3), projects with a module area efficiency of 16 % or higher, and an AC system efficiency of 13 % or higher

For the purposes of the above, *module area efficiency* is defined as the ratio of DC electric power output of the module to the incoming solar power over the module area at standard test conditions (25 °C junction temperature, 1000 W/m<sup>2</sup> irradiance, with an air mass 1.5 spectrum)

*AC system efficiency* is defined as the ratio of AC yearly electric energy injected in the electricity network (MWh electric/year) to the incoming yearly solar irradiation over the total modules' area of the plant (MWh/year).

### 4. Geothermal

- Enhanced geothermal systems in tensional stress fields with nominal capacity 5 MWe [GEOa]
- Enhanced geothermal systems in compressional stress fields with nominal capacity 5 MWe [GEOb]
- Enhanced geothermal systems in areas with deep compact sedimentary and granite rocks and other crystalline structures with nominal capacity 5 MWe [GEOc]
- Enhanced geothermal systems in deep limestone with nominal capacity 5 MWe [GEOd]

NOTE: Combined Heat and Power (CHP) applications with the same electricity thresholds are equally eligible

*Clarifications:*

*Enhanced Geothermal Systems* should be taken to mean a type of geothermal system based on artificial water injection in hot underground reservoirs whose permeability has been created or improved artificially.

## 5. Wind

- Off-shore wind (minimum turbines size 6 MWe) with nominal capacity 40 MWe [WINa]
- Off-shore wind (minimum turbines size 8 MWe) with nominal capacity 40 MWe [WINb]
- Off-shore wind (minimum turbines size 10 MWe) with nominal capacity 40 MWe [WINc]
- Floating off-shore wind systems with nominal capacity 25 MWe [WINd]
- On-shore wind turbines optimised for complex terrains (e.g. forested terrains, mountainous areas): with nominal capacity 25 MWe [WINE]
- On-shore wind turbines optimised for cold climate (compatible with temperature lower than -30°C and severe icing conditions) with nominal capacity 25 MWe [WINf]

*Clarifications:*

- For Sub-category WINa, projects are encouraged to demonstrate innovative ground-based substructures for water depth of more than 50 m.

- For subcategory WINE, *complex terrains* should be taken to mean terrains featuring significant variations in topography, terrain obstacles or roughness/ruggedness characteristics that cause particularly unusual wind flow distortions (as referred to in standard IEC 61400) significantly affecting the performance of the wind turbine, and/or difficult access and/or installation conditions.

- Proposals submitted for funding under Sub-category WINE should demonstrate innovative solutions such as (but not limited to): blade designed for complex terrains, split blades, easy to install turbines, lighter structures, multi-material towers, no crane installation.

- For Sub-category WINf, *severe icing conditions* should be taken to mean a site subjected to icing conditions at least 10 % of the time.

## 6. Ocean

- Wave energy devices with nominal capacity 5 MWe [OCNa]

- Marine/tidal currents energy devices with nominal capacity 5 MWe [OCNb]
- Ocean thermal energy conversion (OTEC) with nominal capacity 10 MWe [OCNc]

#### 7. Hydropower

- Power generation with High Temperature Superconducting Generators capacity 20 MWe [HYD]

#### 8. Distributed Renewable Management (Smart grids)

- Renewable energy management and optimisation for small and medium scale Distributed Generators in rural environment with predominant solar generation: 20MWe on Low Voltage (LV) network + 50 MWe on Medium Voltage (MV) network. [DRMa]
- Renewable energy management and optimisation for small and medium scale Distributed Generators in rural environment with predominant wind generation: 20 MWe on LV network + 50 MWe on MV network. [DRMb]
- Renewable energy management and optimisation for small and medium scale Distributed Generators in urban environment 20MWe on LV network + 50 MWe on MV network. [DRMc]

NOTE: The use of active loads (electric heaters/heat pumps etc) shall not be excluded.

#### Clarifications:

For the Distributed Renewable Management (DRM) subcategories:

– The terms *urban* (high density population) and *rural environment* (low density population) are to be determined in the national context.

– Due to the large variety of distribution network voltage levels present in the EU it is not sensible to give hard threshold definitions for the terms *MV* and *LV networks*. Nevertheless, the maximum voltage level for LV networks should be below 10 kV, and the maximum voltage levels for MV networks should be of the order of 60 kV.

- To ensure the distributed nature of the renewable generators, a DRM project should normally include at least 10 independent renewable generators connected to the MV, with a cumulative capacity of at least 50 MW. Furthermore, with reference to the 20 MW capacity threshold for LV networks, at least 2 MW should be produced by generators connected at a voltage level at or below 1 kV.

– All DRM projects should be such that constraints on the generation operation, or upgrade, replacement or addition of switchgear, transformers, cables or overhead lines to the existing network would be required, if a DRM (smart grid) solution were not used.

– For the purpose of determining the performance of the DRM projects, the project boundary should be interpreted as including all and only those parts of the network whose performance is significantly improved by the adoption of the DRM solution proposed.

– *Performance* should be taken to mean the total power produced by all RES generators connected to the network and located within the project boundaries.

– *Predominant wind/solar generation* should be taken to mean that within the total amount of RES electricity generated within the project boundary, wind/solar generated electricity represents the largest share, and in any case more than 35 % (measured in MWh).

#### **Annex 4: Specifications for Legally Binding Instrument**

[Specifications for Legally Binding Instrument placed on web portal for direct access as separate file]

## **Annex 5: Member State Contact Points**

[Member State contact point list placed on web portal for direct access as separate file]

## **Annex 6: Eligibility Criteria Assessment - Member State Guidance**

1. The following sections provide guidance to the Member States on how to undertake the Eligibility Assessment of Proposals from Project Sponsors. The guidance is intended to ensure that a consistent approach is adopted across all Member States.

### **I. Fits within a technology Category**

2. The Decision requires that a Project falls into one of the Categories set out in Annex 2 and Annex 3 of the Call for Proposals.
3. Member States should refer to the following to determine which technology Category (and Sub-category) the Project falls into, and to ensure that it fits within only one.
  1. Application Form A identifies which Category/Sub-category the Project Sponsor believes that their Project falls into. This should be confirmed by reviewing the whole content of Application Form A (General info on the Project) and Application Form B (Technical Scope). For example, in the case of a CCS demonstration plant (Oxyfuel), Application Form A, contains a description of the plant technology and further detail can be noted from Application Form B, which includes a technical description of the Project.
4. Where more than one Category/Sub-category is identified in Application Form F, the Member State will need to discuss with the Project Sponsor and seek to confirm the single Category/Sub-category in which the Project should be submitted, having regard to its technical characteristics.

### **II. Projects must be innovative in nature**

5. The Decision requires that RES Projects should be innovative, i.e. that existing technologies are ineligible. In order to determine whether a Project is innovative, Member States should seek to determine whether the Project meets the following criteria:
  1. Use of technologies is innovative in relation to the state of the art in the key sub-streams for each technology, for example:
    - a) Technologies which differ from that normally offered by existing vendors/technology suppliers.
  2. Technologies should not yet be commercially available, but should be sufficiently mature to be ready for demonstration at pre-commercial scale, for example:
    - a) The technology is not currently offered by multiple vendors or offered as a standard product from a single vendor;
    - b) The technology has been extensively tested at pilot scale, or has been used in other applications.
  3. Technologies should have reasonable prospects of successful demonstration, taking into account the fact that some technological risks are inevitable, for example:
    - Previous testing or use of the technology demonstrates that it is capable of operating as intended over an extended significant period of time;



- Where possible, the full plant design proposed should have been tested (e.g. at pilot scale) to ensure that integration of the innovative technology elements is feasible. If this has not been possible, the Project Sponsor should provide as a minimum the evidence that integration will be feasible; and
  - Where possible, the technology should have been tested using the same operating approach/conditions as intended for the Project. If this has not been possible, the Project Sponsor should provide evidence as to why the use of the technology under the proposed operating approach/conditions is expected to be successful.
4. The proposed scale of demonstration should be such that no significant additional problems are to be expected from further scaling up, for example:
    - a) The innovative technology element will be demonstrated at a similar scale as would be used for subsequent commercial projects; or
    - b) The Project Sponsor has provided evidence as to why further scale-up would be straightforward following successful operation of the Project.
  5. Projects should also have a high replicability potential, and therefore offer significant prospects for cost-effective CO<sub>2</sub> reduction both in the EU and globally, for example:
    - Projects should use renewable energy resources that are widely available (e.g. should not be restricted to resources that are only available in limited quantities or in a limited number of locations);
    - Projects should be seeking to demonstrate commercial viability, i.e. their successful operation will allow subsequent commercial deployment of the technology.
  6. The Application Forms ask the Project Sponsor a number of questions aimed at providing evidence as to why their Project should be classed as being innovative:
    1. Application Form F contains three separate yes/no confirmations from the Project Sponsor in respect of whether their Project satisfies requirements in regard to technology maturity, prospects for success and demonstration scale evidence the criteria.
    2. Having confirmed that all the relevant sections are satisfied on Application Form F, Application Form B for each Sub-category includes a section asking the Project Sponsor to comment upon innovative aspects of their Project, experiences to date, testing programmes going forwards, and how they propose to manage risk associated with their innovative Project. Having identified the innovative aspects of the Project, the narratives provided with regard to experiences to date and future testing should give confidence that the Project demonstration is likely to be successful, scaleable and replicable in order to comply with the criteria.

### **III. Capacity thresholds**

7. The Decision sets out minimum Capacity Thresholds that have to be met in part B of Annex I.
8. The Project Sponsor must identify in their response to Application Form F the capacity of their Project. Member States should compare this statement of capacity to

the thresholds in Part B of the Annex I of the Decision. It should be noted that where a Project is modular the thresholds are aggregate targets i.e. the targets can be met provided that the aggregate capacity of all modules meets the thresholds (see "Capacity Threshold" under Section 5).

9. Where a RES project does not meet the relevant Capacity Threshold, it may still be possible for the Project to be considered further to the provisions of Article 6(2) of the Decision. Member States should state clearly in their Eligibility Assessment report if the Project is considered to be a derogation and the justification for this.

#### **IV. Reasonable expectation of entry into operation by 30 June 2018 on the basis of the adoption of the respective Award Decision by 30 June 2014**

10. A reasonable expectation of entry into operation within four years of an adoption of the respective Award Decision has to be demonstrated, in line with the NER 300 Decision, it can be envisaged that Projects demonstrate a reasonable expectation of entry into operation by 30 June 2018 on the basis of an adoption of the respective Award Decision by 30 June 2014.

- Application Forms B and D seek to establish the date of entry into operation. Application Form D requires the Project Sponsor to demonstrate a reasonable expectation of entry into operation by 30 June 2018 on the basis of an adoption of the respective Award Decision by 30 June 2014. The Member State should confirm that this assertion is supported by the Project Programme.
- Application Form B contains the Project Programme. Two forms of programme are discussed; a summary programme and a detailed level 2 programme. The Project Programme should contain detailed information on the Project. Member States should review the information contained here to establish confidence that the Project has received detailed consideration and that based on the programme, a reasonable expectation of entry into operation by 30 June 2018 can be demonstrated as realistic based on an adoption of the respective Award Decision by 30 June 2014.
- The likelihood that the Project will be able to achieve its targeted operation date is also supported by Section 4.1 (the current status of the Project), Section 4.2 (the proposed project management arrangements), Section 4.3 (the resourcing and supply chain plan), Section 4.4 (Quality Management), Section 4.5 (Health and Safety) and Section 4.6 (Governance). The Member State should review all of these sections and ensure that sufficient supporting evidence is provided to give confidence that the Project Sponsor will be able to deliver their advertised programme.
- Finally Member States should review Application Form C and ensure that the proposed financing plan aligns with the Project Programme and that the proposed financing will be in place for entry into operation by 30 June 2018 on the basis of an adoption of the respective Award Decision by 30 June 2014.

#### **V. All relevant Permits in place or underway and sufficiently advanced**

11. Member States will review the information provided by the Project Sponsor in the Application Forms. If the Member State is satisfied that the Project satisfies the requirements of the Decision, the Member State will complete and submit the

Submission Forms. The Member State will verify the information provided by the Project Sponsor in the Application Forms relating to Permits.

12. In Submission Form B the Member State will confirm that:
  1. The list of national Permits set out in Application Form D is complete and accurate. If it is not, the Member State should identify any further Permits which are required or anticipated to be required for the construction and operation of the Project;
  2. The necessary national legislation is or will be in place to enable the Project Sponsor to fulfil their permitting requirements and that there are no impediments for the Project Sponsor to meet the relevant permitting requirements for the Project;
  3. It is satisfied that the Project will have all relevant national Permits for the Project in place in accordance with the relevant requirements under EU legislation, or the relevant Permit procedures will be underway before adoption of the Award Decision (The Member State must confirm to the Commission, at the point when it is re-consulted on the value and structure of the public funding contribution, that all Permits are in place or the procedures are underway. If confirmation is not received, the Project shall be rejected as ineligible); and
  4. It is satisfied that in relation to any Permit to be obtained, the application process is sufficiently advanced to allow start up of the commercial operation by 30 June 2018 on the basis of an adoption of the respective Award Decision by 30 June 2014.

## **VI. CCS Project Eligibility Criteria**

### **1. Full chain implementation**

13. Each CCS project has to implement the full CCS chain (capture, transport and storage). Member States should review the following:
  1. Application Form F requires the Project Sponsor to confirm that the CCS Project comprises the full chain, e.g. capture, transport and storage of CO<sub>2</sub>.
  2. Application Form A requires that the Project Sponsor identifies the physical location of each part of their chain. Member States should confirm that this response captures each element of the CCS Chain.
  3. Application Form B should be reviewed and Member States should confirm that the technical description of each item of the CCS chain has been included.

### **2. Heat integration maximised**

14. Each Project Sponsor submitting a Proposal in relation to a CCS project has to evidence that they have aimed to maximise the heat integration for the capture component of the process. Member States should review the following for evidence that heat integration has been fully considered:
  1. Application Form F requires the Project Sponsor to confirm that they have aimed to maximised the heat integration for the capture component of the process; and
  2. Application Form B provides an overview of the heat integration proposed by the Project Sponsor including reference to the capture facilities in greater technical detail. Supporting information will also be found in Section which describes the

utility requirements of the Project. Section B.2.1.1 describes how the heating and cooling requirements of the chain will be met. This should include narrative on heat integration.

**3. Capture rate of 85 %**

15. Each CCS project needs to be able to show that it has a capture rate of 85% of CO<sub>2</sub> from the flue gases to which capture is applied.

1. Application Forms B, F require Project Sponsors to provide evidence of the proposed capture rate. Member States should seek to establish whether a Project will achieve the 85 % as a lifetime average at normal operating conditions.
2. Application Form F requires the Project Sponsor to confirm that their Project satisfies the capture rate of 85 %; and
3. Application Form B requires relevant information on the capture facilities and in particular, Section B2.1 requires information on the anticipated Performance of the capture facilities to be provided. Member States should review these to ensure that on a design basis, the capture rate target will be achieved.

**4. Independent research block**

16. Each project is required to contain an independent research block related to the safety of storage sites and improvement of monitoring technologies especially in the field of brine migration.

1. Application Form F requests a confirmation that the Project Sponsor has included the requisite research block within their Project; and
2. Application Form B requires a narrative regarding a Project Sponsors proposed research block. Member States should review and confirm that the response covers the safety of storage sites and improvement of monitoring technologies especially in the field of brine migration.

## **Annex 7: Contents of the Award Decisions**

The Commission intends to include *inter alia* the following elements in the Award Decisions:

1. Project and awarded funding in euro;
2. Date of entry into operation;
3. Requirements for knowledge sharing - including the requirement for Member States to ensure march-in rights (see 9.d) of the Specifications for the Legally Binding instrument in Annex 4);
4. Requirements for disbursement - including the obligation on Member States to unconditionally return excess upfront funding to the EIB (Article 11(5) of the NER 300 Decision);
5. Requirements for reporting pursuant to Article 13 of the NER 300 Decision, and on cases for adjustment and technical failure as specified in legal instrument (see 6. and 7. of the Specifications for the Legally Binding instrument in Annex 4) as well as interim reporting on funding applications received (see 10.4 of the Call);
6. Information on:
  - a) the conditions of applicability of the Award Decision pursuant to Article 9 of the NER 300 Decision;
  - b) cases for adjustment of Award Decision (see also 6. of the Specifications for the Legally Binding instrument in Annex 4);
  - c) the requirements for knowledge sharing and relevant procedures, including confirmation and reporting

**APPENDIX: APPLICATION FORMS AND SUBMISSION FORMS**

[Application Forms and Submission Forms placed on web portal for direct access by Project Sponsors and Member States as separate files]