



## **ACCESSING STRUCTURAL FUNDS FOR FINANCING INVESTMENT PROJECTS IN THE ENERGY SECTOR**

**Timisoara 17 September 2008**

**INTERMEDIATE BODY FOR ENERGY**



*Priority Axis 4: Increasing energy efficiency and security of supply, in the context of combating climate change*

## Key Areas of Intervention

**KAI 1 Efficient and sustainable energy (improving energy efficiency and environmental sustainability of the energy system)**

**KAI 2 Valorization of Renewable Energy Resources for producing green energy**

**KAI 3 Diversification of interconnection networks in view of strengthening security of energy supply**





# Type of call for proposals

<p><b>Operation</b></p>	<p>Supporting investments in installations, equipment for industrial operators, in order to improve energy efficiency leading to energy savings</p>	<p>Supporting investments in expanding and upgrading electricity, natural gas and oil transportation grids and electricity and natural distribution grids</p>	<p>Investments in Flue gas de-sulphurization installations, burners with reduced NOx and filters on refurbished/upgraded groups of large combustion plants</p>	<p>Valorisation of renewable energy sources for producing green energy</p>	<p>Diversification of interconnection networks in view of strengthening security of energy supply</p>
<p><b>Call for proposal allocation</b></p>	<p>173.000.000 lei  (~ 50 mil. euro)</p>	<p><b>Transport:</b> 193.000.000 lei  (~ 56 mil euro)</p>	<p>255.000.000 lei  (~ 74 mil. euro)</p>	<p>275.000.000 lei  (~80 mil.euro)</p>	<p>192.000.000 lei  (~ 56 mil. euro)</p>
<p><b>Type of call for project application</b></p>	<p>Open call with fixed deadline  (Submission period: 11.08-30.09.2008)</p>	<p>Projects list/ Open call with fixed deadline  (Transport: Submission date started at 1.08.2008)</p>	<p>Open call with rolling submission (Submission period: 11.08-31.12.2009)</p>	<p>Open call with fixed deadline (Submission period: 11.08-30.09.2008)</p>	<p>Projects list  (Submission date started at 1.08.2008)</p>



## ❖ **Financial allocation for Priority Axis no. 4 for 2007 - 2013:**

**725 million Euro as follows:**

- **EU contribution (ERDF): about 638 mil. Euro**
- **National contribution: about 87 mil. Euro**





## Operation:

„Supporting the investments in upgrading and building new power and heating production capacities by valorization of renewable energy sources: biomass, micro hydro (installed power smaller or equal to 10 MW), solar, wind, geothermal, biofuels and other renewable resources”.

The financial allocation for the period 2007-2013 is about 260 mil. Euro, as follows:

- EU contribution (ERDF): about 220 mil. Euro
- National contribution: about 40 mil. Euro



For the on going call for proposals the financial allocation is 275.000.000 lei (about 80 million Euro).



# Eligible applicants



- 1. Local Public Authorities**
- 2. Intercommunity Development Association  
(constituted under Law no. 215/2001 amended).**
- 3. Small, medium and large sized enterprises  
(excepting the companies which are requesting  
finance for the ineligible sectors mentioned in the  
Applicant Guide).**





# Not eligible applicants



Annex 2 to the Applicant Guide provides the activities for which the applicants cannot be financed according to the dispositions of the Regional state aid scheme for renewable resources valorization and in coherence with other financing opportunities (National Rural Development Programme and the Regional Operational Programme).

❖ **The micro enterprises are not eligible.**

**Note:** The branches, agencies or other units of the economic operators without legal personality are not eligible.





# The applicants which are not under state aid rules



- Local Public Authorities or
- Intercommunity Development Associations (constituted under Law no. 215/2001 amended) which supply the heat production using a common system (public utility service).





## The applicants which are not under state aid rules



- ❖ The financing will be granted according to the Regulation no. 1083/2006, with the condition that the management of the public service (production, distribution and supplying of heating in common system) will be direct or delegated to operators by public procurement.
- ❖ The maximum value of the grant is 98% (referring to the total eligible cost of the project).
- ❖ Relating to the local public authorities generating revenue projects the cofinancing rate will be determined by funding gap, according to Art. 55 Regulation EC no. 1083/2006.





- ❖ **Small, medium and large sized enterprises**
- ❖ **Regional operators (in accordance with EGO no. 13/2008)**
- ❖ **The cofinancing will be granted to the eligible applicants as an investment aid under state aid rules for regional investments– in block exemptions (Regulation EC no. 1628/2008) and in accordance with Regional state aid scheme relating to the valorization of renewable energy resources.**





## The maximum value of the grant referring to the total eligible cost of the project is:

- ❖ -for small sized enterprises: **70%** and 60% for Bucharest-Ilfov region;
- ❖ - for medium sized enterprises : **60%** and 50% for Bucharest-Ilfov region;
- ❖ - for large enterprises: **50%** and 40% for Bucharest-Ilfov region.





# Eligible activities of the project



- ❖ Procurement and preparation of the land for project equipments/ installations settling;
- ❖ Civil buildings and buildings installations for project;
- ❖ Procurement of equipments, including the equipments necessary for a continue monitoring;
- ❖ Site organization (only for the projects without state aid rules);
- ❖ Connection to the National Power Grid in downstream by the delimitation points (“the delimitation points are definite according to the GD no. 90/2008 on the approval of Regulation regarding the connection of consumers to the public electric grid);





Are considered to be eligible the expenditures incurred between **1.01.2007 and 31.12.2015.**

To be considered as eligible, the expenditures have to incur between 01.01.2007 and the date of signing the financing contract according to the provisions of the financing contract!





- ❖ The expenditures are considered to be eligible if:
  - they incur after the receipt of IBE letter of confirmation that the project is in compliance with the eligibility rules (excepting the expenditures relating to land acquisition, which are eligible from the date when the GD no. 750/2008 regarding the approval of the KAI 2 state aid scheme enters into force) but no later than 31.12.2015.
  - the expenditures incurred between the receipt date of the letter of confirmation and the signing date of the financing contract are eligible if they are in compliance with the provisions of the financing contract.





- ❖ Expenditures related to land acquisition – maximum 10% of total eligible expenditure of the project;
- ❖ Expenditures related to land arrangement;
- ❖ Expenditures for environment protection;
- ❖ Expenditures for ensuring the utilities necessary to the objective;
- ❖ Expenditures for the basic investment;
- ❖ Expenditures for the intangible assets (informatics applications, patents, licenses, know-how or other technical knowledge without patent).





# The value of the grant



- minimum value of the project is 355.000 lei
- maximum value of the project is 50.000.000 euro (including VAT) taking into account the exchange rate INFO-euro on the submission date of the application form.

Maximum value of the grant for a project is:

**71.000.000 lei (about 20 mil. Euro)**

 **Note:** An applicant can submit only one application form within the same call for proposal!



# Eligibility criteria of a local authority which is not under state aid rules



The eligibility criteria are mentioned in the Applicant Guide, but herein I will point the following:

1. The applicant is a local public authority or an intercommunity development association, registered in Romania.
2. The applicant is not in insolvency procedure according to Law no. 273/2006 on local public finances.
3. The applicant should prove that he has fulfilled his commitment concerning the payment of taxes or other contribution to the budget, according to the legislation in force;
4. **Legal representative of the Applicant:**
  - a) has not been convicted by a Court of Justice, for professional ethics reason against the law;
  - b) has not been the subject of a judgment which has the force of “res judicata” for fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to national or Communities’ financial interest
5. The applicant has not been declared to be in serious breach of public procurement legislation or for failure to comply with a contractual obligation financed by public funds, according to the legislation in force;
6. The applicant shall have the capacity to ensure its own contribution to the eligible cost of the project and to support the ineligible expenditures of the project;
7. The applicant shall have the capacity to implement the project relating to the human resources.





# Eligibility criteria of an economic operator



The eligibility criteria are mentioned in the Applicant Guide, but herein I will point the following:

1. The applicant should be registered as an economic operator, in accordance with the call for proposal requirements (small, medium or large sized enterprise), according to the valid national standard regulations and perform its activity in Romania;
2. The applicant is not in difficulty according to the Community Guidelines on state aid for rescuing and restructuring firms in difficulty (EC Official no C244/01.10.2004);
3. The applicant does not have overdue public debts and carried out in time the payment obligations concerning taxes, duties and other contributions to state budget, special budgets and local budgets as stipulated by the legislation in force;
4. **Legal representative of the Applicant:**
  - a) has not been convicted by a Court of Justice, for professional ethics reason against the law;
  - b) has not been the subject of a judgment which has the force of “res judicata” for fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to national or Communities’ financial interest
5. The applicant has not been declared to be in serious breach of public procurement legislation or for failure to comply with a contractual obligation financed by public funds, according to the legislation in force;





## Eligibility criteria of an economic operator

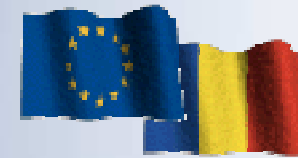


6. The applicant shall have operational profit at least in the last accounting year. For start up, the applicant shall lodge a guarantee issued by a financial institution for 50% of the investment eligible value
7. The applicant shall have the capacity to ensure its own contribution to the eligible cost of the project and to support the ineligible expenditures of the project;
8. The applicant shall have the capacity to implement the project relating to the human resources;
9. The applicant must justify the necessity of cofinancing the project by state aid;
10. The applicant has not been restricted in its commercial activities;





# Project eligibility criteria



- ❖ **The project and its objectives contributes to the accomplishment of the indicative operation from the Sectoral Operational Programme “Increase of Economic Competitiveness”, including the Romanian Energy Strategy.**
- ❖ **The project is implemented on Romania’s territory.**
- ❖ **The project is implemented within maximum 4 years from the signing date of the financing contract and the implementation period does not exceed 31.07.2015.**
- ❖ **The project activities were not financed and are not financed at the moment from other public funds, except the preliminary studies ( the prefeasibility study, technical project, etc)**
- ❖ **The projects meets the national and community regulations on the environment protection.**





# Project eligibility criteria



- ❖ The projects meets the national and community regulations on public procurement.
- ❖ The projects meets the national and community regulations on information and publicity.
- ❖ The minimum value of the project is 100 000 euro (355.000 lei)
- ❖ The maximum value of the grant required is 20.000.000 euro (71.000.000 lei)
- ❖ If the project is under state aid rules activities which mean “start of work” (in accordance with definition provided by Regulation EC no. 1628/2006) should have not been performed.





**The evaluation and selection grid is constituted on the criteria established by the Monitoring Committee:**

- ❖ **Relevance of the project**
- ❖ **Quality and coherence of the project**
- ❖ **Maturity of the project**
- ❖ **Sustainability of the project**
- ❖ **Institutional capacity of the applicant**

**The technical and financial evaluation grid is mentioned in Annex 9 of the Guide.**

**The application form which will obtain minimum 50 points will be financed from available funds, according to a ranking list.**



# Annexes to the Application Form



- ❖ Balance sheet for the previous financial exercise/letter of credit which represents 50% of the value of the eligible expenditures for start up enterprises who can not submit the financial documents for the previous financial exercise;
- ❖ Criminal record for the legal representative of the applicant;
- ❖ The decision of the company statutory bodies / the decision of the local or county council, Intercommunity Development Association for the approval of the expenditures that will be incurred during the implementation of the project submitted for financing (in original);
- ❖ The urbanism certificate or the construction permit;
- ❖ The environment permit;
- ❖ Documents proving the ownership, concession or user rights over the land on which are or will be located the energy capacities valid at least 15 years from the date of the application form submission and giving the right for construction.





- ❖ Proofs of the applicant capability to implement the project (curriculum vitae, job description);
- ❖ Feasibility study;
- ❖ Connection notice;
- ❖ Financial certificate;
- ❖ Fiscal record of the applicant;
- ❖ Certificate from the Register of Commerce;
- ❖ The constitutive act, the statute of the association, the certificate proving the registration in the associations and foundations registry, the judge decision for obtaining the legal personality (applying only for Intercommunity Development Associations).





**The evaluation and selection procedure consists in:**

- ❖ **Administrative compliance of the application form;**
- ❖ **Checking the eligibility of the applicant and of the project;**
- ❖ **Technical and financial evaluation;**
- ❖ **Project selection by the Selection Committee;**
- ❖ **The approval of ranking projects list which will be financed within Priority Axis 4, KAI 2;**
- ❖ **The publication of ranking list for the approved projects.**





# The contracting procedure



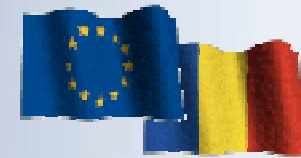
**Within scope of starting the contracting procedure, the applicant is obliged to submit the following documents, in original or legalized copy, in term of maximum 45 days from the date of the approval notification for the application form:**

- Establishment permit (according to the regulation for granting licences and permits in the energy sector approved by GO 540/2004 amended) - is not necessary for the producing capacities with less then 1 MW installed power and for exclusive thermal energy capacities;
- Technical project;
- Construction permit, in legalized copy, for the projects with works execution, if it is the case;
- Valid financial certificate, in original, which proves the fulfillment of payment obligations for the local budgets.





# The contracting procedure



- **Valid financial certificate for payment of the local duties and taxes;**
- **Environment permit, if applicable;**
- **Documents proving the capacity of the applicant to ensure its own contribution from the eligible expenditure and to support the ineligible expenditure of the project (statement of account/credit contract to cover out the total amount of the expenditure);**
- **Nature Note 2000 according to GO no. 195/2005, if applicable;**
- **The reimbursement graphic, in order to be included in the financing contract.**





# Contact



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THANK YOU FOR YOUR ATTENTION!

