

ECO-ENERGY

This Programme implements Priority Axis 3 “Efficient Energy” of the Operational Programme Enterprise and Innovation 2007-2013.

The Programme (and public support) shall be implemented pursuant to Act No. 47/2002 Coll., on the support of small- and medium-sized enterprises, as amended, (hereinafter “Act No. 47/2002”) and Commission Regulation EC No. ... on the application of Articles 87 et 88 of the EC Treaty on de minimis aid ¹ (hereinafter “de minimis aid”) and pursuant to Commission Regulation (EC) No. 1628/2006 of 24 October, 2006 on the application of Articles 87 et 88 of the EC Treaty on national regional aid.

1. Objective of the Programme

The objective of the Programme is to stimulate the activity of entrepreneurs, particularly small- and medium-sized enterprises via subsidies or subordinate loans in order to reduce the energy demand of production and the usage of primary energy sources, and to promote higher utilisation of renewable and secondary energy sources and their sustainable growth.

Support is granted to projects whose objective is to:

- Cut energy demand per unit of production while maintaining long-term stability and energy availability for the business sector;
- Reduce the dependency of the Czech economy on imports of energy commodities;
- Reduce the consumption of fossil primary energy sources;
- Increase the usage of renewable energy sources (RES);
- Utilise the significant potential of energy savings and RES utilisation also in large enterprises;
- Utilise the available potential of secondary energy sources;

¹ Application of the de minimis rule (eligible expenditure, maximum volume, accumulation, etc.) will be specified after the approval of the respective EC regulation and its publication in the Official Journal, and the exact title of the regulation shall be added to the text.

Fundamental provisions

- a) The Managing authority is the Ministry of Industry and Trade of the Czech Republic, (www.mpo.cz).
- b) The intermediate body for this type of support is the Czech Energy Agency, an organisation receiving contributions from the Ministry of Industry and Trade of the Czech Republic, with its seat at Vinohradská 8, 120 00 Praha 2, (www.ceacr.cz).
- c) The provider of the support in form of a subordinate loan with financial subsidy is Českomoravská záruční a rozvojová banka, a.s. (ČMZRB), with its seat at Jeruzalémská 964/4, 110 00 Praha 1, (www.cmzrb.cz).
- d) The Programme is implemented based on calls, which will specify detailed Programme criteria.
- e) The support provider reserves the right to define the ratio of support to be granted between SMEs and large enterprises.

Basic terms

- **Secondary Energy Source** is a utilisable energy source whose energy potential comes as a by-product in the process of transformation and final consumption of energy, release from bituminous rocks or coal basins or energy utilisation or disposal of waste and substitute fuels produced on the basis of wastes or in the process of other economic activities (Act No 91/2005 Coll., S. 2(32)).
- **Financial subsidy** – financial subsidy within the meaning of Act No. 47/2002.
- **Small- and medium-sized enterprise** – entrepreneur complying with the conditions stipulated by Commission Regulation (EC) No. 70/2001 on the application of Articles 87 and 88 of the EC Treaty on public support to small- and medium-sized enterprises.
- **Renewable source** – renewable non-fossil natural source of energy that is wind, sun, geothermal energy, water, soil, air, biomass, landfill gas, sludge gas and biogas (Act No. 91/2005 Coll., S 31(1)).
- **Support** – subsidy or subordinate loan with financial subsidy.
- **Subordinate loan** – long-term loan with a multi-annual deferral of the loan principal repayment where the provider (ČMZRB) agrees in the loan contract that until the date of the first instalment of the loan principal (subordination period), the beneficiary's

obligations to repay the principal of the subordinate loan shall be ranked behind his/her other financial obligations.

- **Loan contract** – contract on the subordinate loan with financial subsidy concluded between the beneficiary and the support provider.
- **Large enterprise** – an entrepreneur that is not small- or medium-sized enterprise.
- **Public support** – financial benefit as at the issuing day of the decision to provide a subsidy or the day of signature of the loan contract acquired by the beneficiary in the form of a subsidy or subordinate loan with financial subsidy.

2. Supported Activities

2.1. Supported activities shall include:

- Use of renewable and secondary energy sources:
 - Construction of facilities for generation and distribution of electrical and thermal energy generated from renewable and secondary energy sources;
 - Renovation of existing generation facilities with the view of using renewable and secondary energy sources;
 - Manufacturing of briquettes and pellets from renewable and secondary energy sources;
- Boosting of efficiency in energy generation, transmission and consumption:
 - Upgrading of existing energy generating facilities leading to improved efficiency;
 - Introduction and upgrading of measuring and controlling systems;
 - Upgrading, renovation and reduction of losses in electricity and heat distribution networks;
 - Improving of thermal technical properties of buildings excluding family and apartment houses,
 - Using of waste energy in industrial processes.
 - Increasing energy efficiency by introducing electricity and heat co-generation.

2.2. Supported activities shall not include:

- Research, development and pilot projects;
- Manufacturing of energy saving products (except for briquettes and pellets) and facilities using renewable and secondary energy sources;

- Cultivation of fuel plants;
- Usage of alternative fuels in transport;
- Construction of facilities for municipal waste incineration;
- Projects for agriculture, forestry or fishing sectors.

3. Beneficiary

Enterprises (small-, medium-sized and large enterprises²) pursuant to S. 2 of Act No. 513/1991 Coll.

4. Programme Criteria

4.1. Formal eligibility criteria of a project:

- a) The project shall be implemented in the Czech Republic, outside the territory of the Capital City of Prague.
- b) The applicant shall unambiguously prove its ownership or other titles to the real estate and land plots. The method and deadline required to prove such ownership or other rights shall be specified by the Managing authority in the respective call.
- c) The project shall contain all mandatory elements specified in the call for submission.
- d) The project shall respect the EU horizontal policies, particularly:
 - Equal opportunities of men and women,
 - Sustainable development.

4.2. Other criteria

- a) The subsidy shall be provided to the beneficiary based on a Decision to Provide Subsidy issued by the Managing authority (hereinafter the “Decision”), containing also the binding Terms and Conditions of Subsidy Provision (hereinafter the “Terms and Conditions”).
- b) The loan shall be provided to the beneficiary based on the loan contract concluded with the Českomoravská záruční a rozvojová banka, a.s.
- c) The beneficiary shall keep separate records and documents on eligible project expenditure and on the use of the subsidy intended for the funding of the eligible

² Subsidy for large enterprises under this Programme shall be allocated provided these enterprises are not a multinational corporation or part thereof, and the number of employees does not exceed 1,250.

expenditure as stipulated in the Terms and Conditions of the Decision to Provide Subsidy and keep it for a period of 10 years following the date of closure of a project, and at the same time for a period of at least three years following the closure of the OP Enterprise and Innovation (which is anticipated to occur in 2020) in compliance with Article 90 of Council Regulation (EC) No. 1083/2006. All subsidy beneficiaries will be informed of the closing date of the OP Enterprise and Innovation.

- d) The beneficiary may not be an entrepreneur, if, as at the date of submission of the application, s/he is the beneficiary to rescue and restructure a firm in difficulty as specified in the Community guidelines on state aid for rescuing and restructuring firms in difficulty, Communication No. 2004/C 244/02 from the Commission; this shall not apply to small entrepreneurs.
- e) The beneficiary shall own the tangible and intangible fixed assets acquired fully or partially from the provided support for a period of five years from the end of the project; or for a period of three years in the case of SMEs.
- f) The subsidy is paid out to the beneficiary retroactively, or upon termination of a particular phase of the project, provided that the Terms and Conditions of the Decision are observed.
- g) Conditions for drawing the loan shall be stipulated by the loan contract.
- h) Other obligations of subsidy beneficiaries are specified in the Terms and Conditions.

4.3. Eligible expenditure

4.3.1. Eligible expenditure shall comply with the following criteria:

- Shall be expended in accordance with the objectives of the Programme and immediately related to the project implementation,
- Shall be expended no earlier than on the date of eligibility of a project,³
- If support is provided in the form of a subsidy, it shall be demonstrably paid out by the beneficiary prior to the reimbursement, unless stipulated otherwise,
- Shall be supported by conclusive evidence, paid to suppliers, assets may not be acquired by means of capitalisation.

³ The eligibility date of a project shall be the date when the provider or the relevant agency confirms in writing to the applicant that in principle s/he complies with the eligibility criteria of the given Programme.

4.3.2. The eligible expenditure of a project shall include:

- Tangible fixed assets (particularly utility networks, engineering structures and roads, renovation or upgrading of buildings, new constructions, restricted purchasing of land and buildings, machinery and equipment including controlling software, energy audit, or the construction design documentation and other eligible costs related to project implementation).
- Intangible fixed assets (particularly the necessary software, etc).
- Costs of project publicity.

The eligible expenditure of a project shall be further specified in particular calls.

4.3.3. The eligible expenditure of a project shall not include:

- Purchasing of used machines, equipment and replacement parts;
- VAT, provided that the beneficiary is a VAT payer (in case of subsidy provision);
- Costs paid prior to the eligibility date of a project;
- Loan and credit instalments;
- Sanctions and penalties;
- Costs of guarantees, insurance, interests, banking fees, exchange rate losses, customs and administration fees.

4.4. Sectoral classification

Support will be given to projects of those applicants whose prevailing activities fall outside the following sectors:

- Building of ships
- Manufacture of man-made fibres
- Manufacture of coke oven products
- Manufacture of steel
- Agriculture, fishing, aquaculture
- Manufacturing, processing and marketing of products listed in Annex I of the EC Treaty ⁴
- Transportation

Annex 1 contains a more detailed specification of other sectors and product not entitled to support.

⁴ See Annex 2 of this Programme.

5. Form and Amount of the Support

Support shall be provided in the form of subordinate loans with financial subsidy and in the form of subsidies. The two forms shall not be combined.

5.1. Subordinate loan with financial subsidy

A subordinate loan with financial subsidy can be provided solely to small- and medium-sized enterprises.

Subordinate loan is provided in the amount of up to CZK 50M with a fixed interest rate of 1% p.a. Maturity of the subordinate loan as of the date of its provision shall not exceed 15 years and payment of the loan principal may be deferred up to maximum eight years (subordination period).

The agreed deferral period may not be reduced and the terms and conditions of subordination may not be amended without previous consent of the creditor providing the project co-financing.

The amount of the subordinate loan shall not exceed 75% of the project estimated eligible expenditure.

The subordinate loan shall be secured at least by a promissory note issued by the beneficiary and co-accepted by at least one natural person or legal entity.

Financial subsidy to the subordinate loan provided shall represent 30% of the amount drawn from the loan, in maximum up to the unpaid loan principal as at the day when it was proven that the Programme criteria for providing the subsidy have been met. Financial subsidy is paid out in the form of a one-off refund of the last instalments of the loan principal.

5.2. Subsidy

In total, the subsidy shall amount to at least CZK 0.5M. The maximum amount of the subsidy in % of eligible costs is limited by the Regional Map of State Aid Intensity; however, it shall not exceed CZK 100M.

NUTS II region	Small-sized enterprise	Medium-sized enterprise	Large enterprise
Central Moravia,	60%	50%	40%

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Northwest, Central Bohemia, Moravia-Silesia Northeast, Southeast			
Southwest 1 January, 2007- 31 December, 2010	56%	46%	36%
Southwest 1 January, 2011- 31 December, 2013	50%	40%	30%

The scope of support shall be further specified by the Managing authority in particular calls.

6. Project Selection

6.1. Selection criteria

Selection criteria including evaluation methodology shall be stipulated by the call.

6.2. Project selection method

Project selection and evaluation shall be performed based on the criteria specified by the Managing authority. The OPEI Managing authority (MIT) shall decide on the provision of a subsidy based on Government Resolution No. 175/2006.

It is the loan provider (ČMZRB) who shall decide upon provision of the loan based on compliance with the selection criteria.

Further details shall be specified in the call.

7. Participation in Other Support Programmes

The eligible expenditure of a project supported under this Programme shall not receive any other state aid, i.e. the state aid as defined under Article 87 of the EC Treaty.

8. Duration of the Programme

The Programme shall be implemented in the period 2007-2013. It will be implemented based on calls which will be published at the website of the Managing authority (MIT), CzechInvest and ČMRZB. The Managing authority reserves the right to suspend the Programme or terminate it prematurely (e.g. due to exhaustion of the allocated funds).

9. Details of an Application for Support and its Submission

The method of submission of an application and its essential elements shall be stipulated by the call.

10. Sanctions for Violation of Programme Criteria

Sanctions for violation of the Programme criteria are stipulated in the Terms and Conditions of a Decision to Provide Subsidy or in the loan contract.

11. Other provisions

There is no legal entitlement to the support.

Annex 1 of the Programme

Definition of sectors and products not entitled to aid

Agriculture, fishing, aquaculture – NACE A 01, A 02, B 05

Manufacture of coke oven products – NACE CA 10, D 23. 1 (production of coke oven products)⁵

Manufacture of steel:

For the purposes of this Programme manufacture of steel shall mean the following activities related to the manufacturing of the following goods from steel:

Name of goods

Item in customs tariff

Pig iron and spiegleisen in pigs, blocks or other primary shapes

7201

Ferro-alloys

7202 11 20, 7202 11 80, 7202 99 11

Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps, pellets or similar forms; iron having a minimum purity by weight of 99.94%, in lumps, pellets or similar forms

7203

Iron and non-alloy steel in ingots or other primary forms (except for iron of heading 7103)

7206

Semi-finished products of iron or non-alloy steel

7207 11 11; 7207 11 14; 7207 11 16; 7207 12 10; 7207 19 11; 7207 19 14; 7207 19 16; 7207 19 31; 7207 20 11; 7207 20 15; 7207 20 17; 7207 20 32; 7207 20 51; 7207 20 55; 7207 20 57; 7207 20 71

Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated

7208 10 00; 7208 25 00; 7208 26 00; 7208 27 00; 7208 36 00; 7208 37; 7208 38; 7208 39; 7208 40; 7208 51; 7208 52; 7208 53; 7208 54; 7208 90 10; 7209 15 00; 7209 16; 7209 17; 7209 18; 7209 25 00; 7209 26; 7209 27; 7209 28; 7209 90 10; 7210 11 10; 7210 12 11;

⁵ The definition is based on Council Regulation (EC) No. 1407/2002 on state aid to the coal industry.

7210 12 19; 7210 20 10; 7210 30 10; 7210 41 10; 7210 49 10; 7210 50 10; 7210 61 10;
7210 69 10; 7210 70 31; 7210 70 39; 7210 90 31; 7210 90 33; 7210 90 38; 7211 13 00;
7211 14; 7211 19; 7211 23 10; 7211 23 51; 7211 29 20; 7211 90 11; 7212 10 10; 7212 10
91; 7212 20 11; 7212 30 11; 7212 40 10; 7212 40 91; 7212 50 31; 7212 50 51; 7212 60
11; 7212 60 91

Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel

7213 10 00; 7213 20 00; 7213 91; 7213 99

Other bars and rods of iron or non-alloy steel

Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling

7214 20 00; 7214 30 00; 7214 91; 7214 99;

7215 90 10

Angles, shapes and sections of iron or non-alloy steel

7216 10 00; 7216 21 00; 7216 22 00; 7216 31; 7216 32; 7216 33; 7216 40; 7216 50; 7216
99 10

Stainless steel in ingots or other primary forms; semi-finished products of stainless steel

7218 10 00; 7218 91 11; 7218 91 19; 7218 99 11; 7218 99 20

Flat-rolled products of stainless steel, of a width of less than 600 mm

Flat-rolled products of stainless steel, of a width of 600 mm or more

7219 11 00; 7219 12; 7219 13; 7219 14; 7219 21; 7219 22; 7219 23 00; 7219 24 00; 7219
31 00; 7219 32; 7219 33; 7219 34; 7219 35; 7219 90 10;

7220 11 00; 7220 12 00; 7220 20 10; 7220 90 11; 7220 90 31

Bars and rods, hot-rolled, in irregularly wound coils, of stainless steel

7221 00; 7222 11;

Other bars and rods of stainless steel; angles, shapes and sections of stainless steel

7222 19; 7222 30 10; 7222 40 10; 7222 40 30

Flat-rolled products of other alloy steel, of a width of 600 mm or more

7225 11 00; 7225 19; 7225 20 20; 7225 30 00; 7225 40; 7225 50 00; 7225 91 10; 7225 92
10; 7225 99 10;

Flat-rolled products of other alloy steel, of a width of less than 600 mm

7226 11 10; 7226 19 10; 7226 19 30; 7226 20 20; 7226 91; 7226 92 10; 7226 93 20; 7226
94 20; 7226 99 20

Bars and rods, hot-rolled, in irregularly wound coils, of other alloy steel

Other alloy steel in ingots or other primary forms; semi-finished products of other alloy steel

7224 10 00; 7224 90 01; 7224 90 05; 7224 90 08; 7224 90 15; 7224 90 31; 7224 90 39;
7227 10 00; 7227 20 00; 7227 90;

Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel

7228 10 10; 7228 10 30; 7228 20 11; 7228 20 19; 7228 20 30; 7228 30 20; 7228 30 41;
7228 30 49; 7228 30 61; 7228 30 69; 7228 30 70; 7228 30 89; 7228 60 10; 7228 70 10;
7228 70 31; 7228 80

Sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements; welded angles, shapes and sections, of iron or steel

7301 10 00

Railway or tramway track construction material of iron or steel, the following: rails, check-rails and rack rails, switch blades, crossing frogs, point rods and other crossing pieces, sleepers (cross-ties), fish-plates, chairs, chair wedges, sole plates (base plates), rail clips, bedplates, ties and other material specialised for jointing or fixing rails

7302 10 31; 7302 10 39; 7302 10 90; 7302 20 00; 7302 40 10; 7302 10 20

Tubes, pipes and hollow profiles, of cast iron

7303;

Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel

7304

Welded tubes and pipes, having circular cross-sections the external diameter of which exceeds 406.4 mm, of iron or steel

7305

Manufacturing of man-made fibers

For the purpose of the Programme, the industry of man-made fibres manufacturing means:

- Extrusion and crimping of all types of spun and filament yarns based on polyester, polyamide, acryl and polypropylene, irrespective of their application, or
- Polymerisation, including polycondensation, if it is a part of extrusion, or
- Any follow-up complementary process to introduction of extrusion or crimping technology by the applicant or other enterprise falling within the same group of

companies and which is usually part of yarn extrusion and crimping for that particular business activity.

Shipbuilding – NACE D 35.11

Annex 2 of the Programme

Annex I to the EC Treaty – manufacturing, processing and marketing of the products specified in Annex I to the EC Treaty are excluded from the Programme

Number in nomenclature	Name of goods
Chapter 1	Live animals
Chapter 2	Meat and edible offal
Chapter 3	Fish, crustaceans and molluscs
Chapter 4	Milk and dairy products; birds' eggs; natural honey
Chapter 5	
05.04	Animal guts, bladders and stomachs (other than fish), whole and parts
05.15	Animal products not elsewhere specified or included; dead animals of Chapter 1 or Chapter 3, unfit for human consumption
Chapter 6	Cut flowers and flower products
Chapter 7	Vegetables, edible plants, roots and tubers
Chapter 8	Edible fruit; skins of citrus and melon
Chapter 9	Coffee, tea, spices, other than maté (number 09.03)
Chapter 10	Cereals
Chapter 11	Mill products: malt, starch, gluten, inulin
Chapter 12	Oil seeds and oleaginous fruits; various seeds and fruits, industrial and medicinal plants; straw and fodder crops
Chapter 13	
ex 13.03	Pectin
Chapter 15	
15.01	Lard and other rendered pig fat; rendered poultry fat
15.02	Unrendered fats of bovine cattle, sheep or goats; tallow (including "premier jus") produced from those fats
15.03	Lard stearin, oleostearin and tallow stearin; lard oil, oleo-oil and tallow oil, not emulsified or mixed or prepared in any way
15.04	Fats and oils of fish and of sea mammals, whether or not refined

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15.07	Fixed vegetable oils, fluid or solid, crude, refined or purified
15.12	Animal or vegetable fats and oils, hydrogenated, whether or not refined, but not further prepared
15.13	Margarine, artificial pig fat and other processed fats
15.17	Waste after processing animal fats or animal or plant waxes
Chapter 16	Prepared meat, fish, crustaceans or molluscs
Chapter 17	
17.01	Beet sugar and cane sugar, solid
17.02	Other sugars; sugar syrups; artificial honey (also mixed with natural honey); caramel
17.03	Molasses, also decolourized
17.05	Aromatized or colourized sugars, syrups and molasses (including vanilla sugar or vanillin), excluding fruit juices with sugar additives in any ratio
Chapter 18	
18.01	Cocoa beans, whole or broken, raw or roasted
18.02	Cocoa shells, husks and other cocoa waste
Chapter 20	Preparations from vegetables, edible plants, fruit or other parts of plants
Chapter 22	
22.04	Grape must in fermentation, or with fermentation arrested otherwise than by the addition of alcohol
22.05	Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol
22.07	Other fermented drinks (apple, pear, mead)
ex 22.08	Ethyl alcohol denatured or undenatured, of any strength, made from agricultural products listed in Annex I to the EC Treaty, excluding spirits, liqueurs and other spirituous beverages and compound
ex 22.09	alcoholic preparations (known as "concentrated extracts") for the manufacture of alcoholic beverages
22.10	Table vinegar and its substitutes
Chapter 23	Rests and wastes in food industry; processed fodder
Chapter 24	

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24.01 Unmanufactured tobacco, tobacco refuse

Chapter 45

45.01 Unworked natural cork, cork refuse; granulated or ground

Chapter 54

54.01 Flax, raw or processed but not spun; flax tow and waste (including pulled or garneted rags or ropes)

Chapter 57

57.01 True hemp (*Cannabis sativa*) raw or processed but not spun; tow and waste of true hemp (including pulled or garneted rags or ropes)

(Note: concerns partially NACE D 15, 17, 24 (bio-ethanol), G 51.11, 51.17, 51.2, 51.3, 52.1, 52.2, 52.48 –wholesale, retail)