

**The Ministry of Industry and Trade
of the Czech Republic
The Structural Funds Section – OPEI Managing Authority**



**CALL FOR SUBMISSION OF PROJECTS
WITHIN THE OPEI
ECO-ENERGY**

Call identification	ECO-ENERGY
Priority Axis	3 – Effective Energy
Call number	II
Date of announcement of the call	1 October 2008
Receipt of Registration Applications	13 November 2008 – 28 February 2009
Receipt of Full Applications	5 March 2009 – 30 April 2009
System of application collection	By round, limited in time
Planned allocation for this call	CZK 2 000 million
Acceptance of applications for payment	No later than by 31 March 2012

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1. Basic Provisions

- a) The programme's administrator (the provider of the subsidy): The Ministry of Industry and Trade of the Czech Republic (hereinafter referred to as the MIT), with its registered office at Na Františku 32, Praha 1, (www.mpo.cz).
- b) Intermediate Body: CzechInvest, an organisation receiving contributions from the MIT, with its registered office at Štěpánská 15, 120 00 Praha 2 (hereinafter referred to as CI), (www.czechinvest.org).

The public aid granted through this programme satisfies all conditions of Commission Regulation (EC) No 800/2008 of 6 August 2008, through which in accordance with Articles 87 and 88 of the EC Treaty declaring certain categories of aid as compatible with the Common Market¹, it is compatible with the Common Market within the meaning of Article 87 (3) of the EC Treaty and is exempted from the obligation to notification under Article 88 (3) of the EC Treaty.

1.1. The call's objective

This call for the ECO-ENERGY programme satisfies the objective of stimulating the entrepreneurs' activities in the area of reducing production energy intensity and the consumption of primary energy sources.

2. Aided Activities

2.1. Within the framework of this call, the aided activities are:

- a) The use of renewable and secondary energy sources:
 - the construction of new facilities and the renovation of existing facilities for generating and distributing electrical energy and heat generated from water, biomass and secondary energy sources,
- b) Increasing the efficiency of energy generation, transmission and consumption:
 - upgrading existing energy generation facilities for one's own consumption leading to their improved efficiency,
 - introducing and upgrading measuring and controlling systems,

¹ OJ L 214, 9 August 2008, p. 3-47

- upgrading, renovating and reducing losses in electricity and heat distribution networks,
- improving the thermal technical properties of buildings, excluding residential buildings,
- using waste energy in industrial processes,
- increasing energy efficiency by introducing electricity and heat co-generation,
- decreasing energy intensity / increasing energy efficiency in manufacturing and technological processes

2.2. Aided activities do not include:

- research, development and pilot projects,
- manufacturing energy saving products and facilities for utilising renewable energy sources,
- cultivation of energy crops,
- using alternative crops for transport,
- projects in the area of agriculture, forestry or fishing.
- Producing pellets,
- photovoltaics,
- wind power stations,
- geothermal energy,
- purchasing more energy saving machinery and technological equipment.

3. Aid Beneficiary

3.1. The aid beneficiary may be:

Entrepreneurial bodies:

- small- or medium-sized enterprises – for aided activities a)², b)
- large enterprises – for aided activity b)

Within the meaning of Section 2 of Act No 513/1991 Sb., large enterprises are understood to be those that do not comply with the small- and medium-sized enterprise definition in Annex No I to Commission Regulation (EC) No 800/2008 of 6

²Also a start-up entrepreneur may be an applicant for this activity.

August 2008, through which, in accordance with Articles 87 and 88 of the EC Treaty, certain categories of aid are declared compatible with the Common Market.

3.2. The aid beneficiary must satisfy the following criteria:

- they must be permitted to conduct business in the Czech Republic,
- they must be registered as an income tax payer at the Tax Office in accordance with Section 33, (1) of Act No 337/1992 Sb., On the administration of taxes and charges, as amended,
- they must not be an organisation receiving contributions from the state budget or a company 100% owned by the public sector,
- they must not have, according to their own affirmation, any arrears towards the selected institutions³ and towards the aid providers from projects co-financed from the European Union budget. Deferred payment of the arrears or an agreement to pay the arrears are considered as settled arrears,
- they must not have, according to his own affirmation, any arrears from their employees' wage and salary claims,
- they keep accounts.

3.3. The aid beneficiary may not be an entrepreneur if, as of the day of submission of the application:

- a court has adjudicated bankruptcy against their assets, permitted settlements or dismissed a petition for bankruptcy due to lack of assets in accordance with the Act on Bankruptcy and Settlement,
- a court has commenced insolvency proceedings in accordance with the Bankruptcy Act,
- a court has issued a resolution of an order to execute a judgment regarding their assets or has ordered an execution of their assets,
- they have gone into liquidation,
- they are an aid beneficiary for rescuing and restructuring firms in difficulty in accordance with the Community guidelines on State aid for rescuing and

³ Tax Office, Czech Social Security Administration, health insurance companies, Land Fund, National Property Fund, State Environmental Fund, State Housing Development Fund, Customs Administration of the Czech Republic, State Cultural Fund, State Fund of the Czech Republic for

restructuring firms in difficulty, Communication from Commission No 2004/C 244/02, for small- and medium-sized enterprises, they are the aid beneficiary for firms in difficulty,⁴

- they have an outstanding obligation based on a recovery order for the financial means issued after the prior Commission's decision declaring that the aid was unlawful and incompatible with the Common Market.

4. Project Acceptability Conditions

4.1. Formal project acceptability conditions

- a) The project must be implemented in the Czech Republic outside the territory of the Capital City of Prague.
- b) If the work on the project commences before the project's acceptability is confirmed, the entire project shall not be eligible for an award of aid
- c) The project must contain all the mandatory parts mentioned in this call for its submission, including the energy audit.
- d) The project must comply with the EU horizontal policies, particularly:
 - equal opportunities for men and women
 - sustainable development

4.2. Other conditions

- a) The applicant must unambiguously prove their ownership or other rights to the real estate and parcels of land where the project is to be implemented. From

Support and Development of Czech Cinematography, the State Agricultural Intervention Fund, regions, municipalities and unions of municipalities.

⁴ Small- and medium-sized enterprises are firms in difficulty if they fulfil the following conditions:

- a) for limited liability companies where a loss of more than one-half of the registered capital occurred and where a loss of more than one-quarter of this capital occurred during the last 12 months, or
- b) for liability companies where at least some partners bear full liability for the company's obligations where a loss of more than one-half of the capital recorded in the accountancy occurred and where a loss of more than one-quarter of this capital occurred during the last 12 months; or
- c) where, regardless of the type of company, the company satisfies the conditions of the Insolvency Act (182/2006 Sb., on Bankruptcy and Ways of its Resolution) for commencing collective insolvency proceedings.

Small- and medium-sized enterprises existing for a shorter period than three years are considered firms in difficulty only if they fulfil the conditions mentioned in subparagraph letter c).

this point of view, the contingent rent of the parcels of land and buildings, within the framework of which the project is implemented, must be ensured for a period not less than 3 years (5 years for large enterprises) as of the expected termination date of the project's implementation.

- b) The aid beneficiary is obligated to have in their ownership the long-term tangible and intangible assets acquired fully or partially from the provided aid for a period of three years (5 years for large enterprises) as of the project's termination date. This condition does not prevent the exchange of facilities or equipment that will become obsolete as a consequence of rapid technological changes, on the condition that the given economic activity remains maintained in the given region for this minimum period of time.
- c) The subsidy is paid out to the beneficiary retroactively upon the project's termination or of its stage provided that the conditions of the Decision are observed.
- d) The subsidy shall be provided to the aid beneficiary based on a Decision on the Provision of a Subsidy (hereinafter referred to as the "Decision"), a part of which shall be formed by the Conditions for the Provision of a Subsidy (hereinafter referred to as the "Conditions")
- e) Since the date of the provision of aid, the aid beneficiary is obligated, for a period of 5 years from the project's termination date (3 years for an SME), to provide information about the aided project's status (for the period) to the extent specified in the Decision on the Provision of a Subsidy.
- f) The aid beneficiary is obligated, for a period of 5 years from the project's termination date, to enable the provider's employees direct access to conduct inspections in accordance with Act No 552/1991 Sb., on State Inspections, the aid provider's employees and the employees of other bodies designated by the aid provider for the purpose of auditing the observance of the programme's conditions and the purpose-built use of the aid funds, as well as an audit of the aid beneficiary's financial situation and accountancy, both at the site of the project's implementation and at their registered office.
- g) The aid beneficiary is obligated, for the entire duration of aid, however at least for a period of 10 years as of the date of receiving the last subsidy payment, to agree that the aid provider shall hand over, to European Union bodies and

institutions, data on including person/name/company, address/registered office, company identification number and the amount of the aid granted for the purposes of their publishing and for the purposes of monitoring of the use of the public aid and the means of the European Regional Development Fund.

- h) The aid beneficiary is obligated, for a period of 5 years (3 years for an SME) as of the project's implementation termination date, to use the assets acquired with the participation of aid that they have for aided activities.
- i) The subsidy beneficiary is obligated to ensure the project shall be minimally retained for a period of 5 years (3 years for an SME) as of the project's termination date in the NUTS 2 territory where its implementation commenced.
- j) The subsidy beneficiary is obligated to keep those documents related to the project's implementation for a period of 10 years following the project's termination date, and at the same time at least 5 years following the closure date of the OP Enterprise and Innovation. All beneficiaries shall be notified of the closure of the OP Enterprise and Innovation.
- k) The aid beneficiary is obligated to keep separate accounting information and documentation about the project's eligible expenses and use of the subsidy intended for financing the eligible expenses.
- l) The aid beneficiary, who is a start-up business (has not closed two accounting periods), must present a contract of suretyship for the implementation, sustainability of the project, fulfilment of the Conditions, etc. on behalf of a body with adequate capital. The aid beneficiary that must fulfil both the provisions of the Programme and the Call and is obligated to document that, if they lose their ability to pay off their obligations towards their creditors (i.e. particularly bank loans) related to payment of the project's eligible expenses, they have negotiated the entire amount of all loans granted for the project's implementation:
 - a bank guarantee (not from the bank granting the loan)
 - an insurance policy in case of interruption or limitation of the operation
- m) Large enterprises must prove the motivation effect before the submission of the registration application.

Additional subsidy beneficiary's obligations are specified in the Conditions that form an Annex hereto.

5. Eligible Expenses

5.1. The eligible expenses are:

INVESTMENT	1.	The purchase of land	The purchase of land shall not exceed 10 % of the total eligible expenses for the project.
	2.	Land adjustment	
	3.	Utility networks and roads	
	4.	Building plans and construction documents	
	5.	Engineering activities in construction	Activities of authorised physical entities in accordance with Act of the Czech National Council No 360/1992 Sb. on Performance of the Profession of Certified Architects and Certified Engineers and Technicians Engaged in Construction, as amended by subsequent regulations, Act of the Czech National Council No 61/1988 Sb., Act No 200/1994 Sb., on Surveying and on Modification and Amendment to certain Acts in connection with its introduction.
	6.	Renovation/refurbishment (technical valuation) of buildings	The purchase price of the technical valuation of buildings being renovated or refurbished. For the purpose of this programme/call, those interventions into the property resulting in changes to its purpose or of technical specifications are understood to be renovation. For the purpose of this programme, extension of the property's equipment or applicability is understood as refurbishment.
	7.	New constructions	
	8.	The purchase of structures	Structure acquisition at a maximum 10% of the project's eligible expenses.
	9.	Hardware and networks	For the machinery and equipment being acquired (not exceeding the normal price assessed by a sworn expert's opinion – as of the date acquisition of the assets, the opinion must not be older than 6 months)
	10.	Machinery and equipment, including the control software that has not been subject to depreciation	

5.2. The eligible expenses must fulfil the following conditions:

- they must be expended in accordance with the programme's objectives and must be immediately related to the project's implementation,
- they must be not expended earlier than the project's acceptability date⁵,
- before the reimbursement, they must be provably paid by the aid beneficiary, unless stipulated otherwise,
- they must be substantiated by conclusive vouchers, paid to suppliers; the assets may not be acquired by means of capitalisation.

Intangible assets are eligible if they are used exclusively in the operation of the premises that is the aid beneficiary, if they are treated as redeemable assets and if they have been acquired from third parties under market conditions, without the assignee's possibility to exercise control over the seller, within the meaning of Article 3 of Council Regulation (EC) No 139/2004, or to the contrary.

- For small- and medium-sized enterprises, all investment costs may be taken into account for intangible assets. For large enterprises, such costs are eligible only up to 50% of the total eligible investment expenses for the project
- both tangible and intangible assets are new
- if the aid is calculated based on tangible or intangible investment costs, the aid beneficiary's financial contribution must reach at least 25 % of the eligible costs, either from their own resources or by means of external financing, namely in a form not containing any public aid.

5.3. The eligible expenses are not:

- pre-project preparation or documentation (e.g. a feasibility study)
- the purchase of used machinery, equipment and spare parts, etc. (i.e. those that have been subject to depreciation),
- VAT, provided that the aid beneficiary is a VAT payer,
- costs reimbursed before the project's acceptability date,
- loan and credit instalments,
- sanctions and penalties,

⁵ For the project's acceptability date, the date is considered as of when the provider or the relevant agency confirms the applicant in writing that they fulfil, on principle, the Programme's acceptability conditions.

- costs for guarantees, insurance, interest, bank charges, exchange rate losses, customs and administration charges.

6. Sectoral Classification

Within the framework of this call, the aid may not be provided for activities connected with exports, namely aid directly linked to quantities exported, aid for the establishment and operation of a distribution network or for other current costs linked to export activities; and furthermore, aid conditioning the use of domestic goods to the detriment of imported goods.

The applicants' projects shall be supported if their activity does not fall into the following sectors:

- shipbuilding
- synthetic fibres
- the coal industry
- the steel industry
- agriculture⁶
- "fishing and aquaculture"⁷ in accordance with Council Regulation (EC) No 104/2000⁸
- the manufacture, processing and marketing of the products mentioned in Annex I to the EC Treaty (see Annex No 2 hereto)

More detailed specifications of other sectors and products not entitled to aid are enumerated in Annex No1 hereto.

7. The Form and Amount of Aid

The form of aid is a subsidy. If an applicant submits more applications for one project, this constitutes cause for dismissal.

⁶ CZ-NACE A01, A02

⁷ CZ-NACE A03

⁸ OJ L 17, 21 January 2000, p.22

The absolute minimum amount of the subsidy amounts to CZK 0.5 million, the maximum absolute amount of the subsidy is CZK 100 million. The maximum amount of the subsidy as a % of the eligible expenses is defined as follows:

Order of the aided activities for the purposes of the project's evaluation	Aided activity – project type	Maximum subsidy
1	Increasing the efficiency of energy generation, and consumption, the use of secondary energy sources – energy savings	According to the Regional Map of Public Aid Intensity of the Czech Republic
2	Renewable energy sources – small water power plants – electricity generated from RES	30%
3	Electricity and heat co-generation from RES (biomass, biogas, heating plants) and at the same time utilising landfill gasses (electricity without co-generation or with co-generation)	30%
4	Heat pumps and solar thermal collectors (not the photovoltaic cells)	30%
5	Heat from RES (heating plants)	40%

8. Selection Criteria

The selection criteria are specified in Annex No 3 to this call. Those projects falling under activity 1 shall be preferably aided (see the table in article 7 above), in the order according to the number of points earned. Furthermore, those projects falling under activity 2 shall be aided, etc., until the exhaustion of funds allocated for this call.

9. Participation in Other Aid Programmes

For the same – fully or partially overlapping each other – eligible expenses of a project aided from this programme, no other public aid may be provided, i.e. the

public aid in accordance with Article 87 (1) of the EC Treaty or the aid within the de minimis rule in accordance with Commission Regulation (EC) No 1998/2006⁹.

If the aid beneficiary has received risk capital in accordance with Article 29 (aid in the form of risk capital) of Commission Regulation (EC) No 800/2008, and within the first three years after the first risk capital investment they apply for aid under this call of the Eco-Energy Programme, the respective threshold values shall be reduced by 20%. However, the reduction shall not exceed the total value of acquired risk capital.

If the aid has been provided for young innovative enterprises, the beneficiary may not be provided aid within the framework of this programme's call within the first three years following the provision of aid for young innovative enterprises.

The maximum amount of aid intensity according to the Regional Map of Public Aid Intensity of the Czech Republic

NUTS II region	Small-sized enterprises	Medium-sized enterprises	Large enterprises
Central Moravia, North-West, Central Bohemia, Moravia-Silesia North-East, South-East	60%	50%	40%
South-West 1 January 2007 – 31 December 2010	56%	46%	36%
South-West 1 January 2011 – 31 December 2013	50%	40%	30%

⁹ Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid (OJ L 379, p. 5, 28 December 2006)

10. ***The Application for the Provision of Aid and the Manner of its Submittal***¹⁰

The applicant submits an application for aid **in two steps** via an electronic account (eAccount) at www.czechinvest.org/eaccount. An electronic signature is necessary for submitting the application for aid.

The procedure for submitting an application - see the Instructions for Applicants – (annex to Call II).

The 1st step: The applicant shall complete and electronically send a simplified **registration application** first.

2. The 2nd step: Upon approval of a successful registration (of the registration application), the applicant shall be allowed to submit **a full application**. **The time limit to submit a full application is 5 March 2009 – 30 April 2009.**

When to submit	Document ¹¹
When submitting the registration application	Financial statements for rating, including the documents demonstrating fulfilment of the motivation effect
When submitting the full application	Project financial feasibility
	Feasibility study (mandatory scheme - see the Instructions for Applicants)
	Energy audit
	Document on preparedness of the investment if available in this stage (Building Permit, Zoning and Planning Decision, etc.)
	Extract from the Land Register or another document (<i>not older than 3 months</i>)
	Determination of the ownership relations in the territory relating to the project (preliminary purchase contract, lease contract, document on ownership (see the point above), etc.
	Document on surety or insurance policy (mandatory only for START UP)
At the signature of the Conditions of the Subsidy Allocation	In case of biomass projects of the aided activity 2.1, it is necessary to submit a contract with biomass suppliers for the period of minimum 3 subsequent years or to substantiate with an analysis that the applicant is able to ensure the biomass for the period of 3 subsequent years from his own sources, etc.
	Certificate of Incorporation
At the application for the first payment	A Building Permit or the building department's opinion on the project – at this stage, it is mandatory
	A copy of the contract opening of an account for the subsidy
At the application for the last payment	Insurance of the subject matter of the project

¹⁰ The procedure on how to complete the registration and full applications is a part of the Instructions for Applicants and Aid Beneficiaries from the OPEI.

¹¹ This list of documents (annexes) is indicative.

11. Sanctions for Non-Observance of the Programme's Conditions

The sanctions for non-observance of the programme's conditions are mentioned in the Conditions for the Provision of a Subsidy.

12. Other Provisions

- Contingent inquiries are attended by the toll-free telephone line **800 800 777**.
- The Instructions for the Applicants are binding and their non-observance may result in aid not being granted.
- If the applicant wants to use an external consultant for application processing, they may choose from the database of **Consultants for Processing Energy Projects Implemented with EU Funds Aid** (see www.mpo.cz, section Energy and raw materials) or they may use any other consultant. The subsidy provider does not take responsibility for the quality of services provided by them.
- If the applicant submits more applications, the financial feasibility of the projects shall be evaluated together.
- Based on the project's implementation schedule, applications for payment are submitted. The last payment for the specific project must be effected in accordance with **Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, Article 93**, as a rule not later than 31 December of the third year after the Decision on Aid was issued.
- **There is no legal entitlement to a subsidy.**

13. Annexes

Annex No 1 to the Call

The definition of sectors and products that are not entitled to aid

Agriculture, fishing, aquaculture – NACE A 01, A 02, A 03

The coal industry – NACE B 05, C 19.1 (manufacture of coke)¹²

Definition of the steel industry according to Commission Regulation No 800/2008 of 6 August 2008, through which in accordance with Articles 87 and 88 of the EC Treaty, certain categories of aid are declared compatible with the Common Market

Article 2 (29):

The “steel sector” means all activities related to the production of one or more of the following products:

a) pig iron and ferro-alloys:

- pig iron for steelmaking, foundry and other pig iron, spiegeleisen and high-carbon ferro-manganese, not including other ferro-alloys;

b) crude and semi finished products of iron, ordinary steel or special steel:

- liquid steel cast or not cast into ingots, including ingots for forging semi finished products: blooms, billets and slabs; sheet bars and tinplate bars; hot-rolled wide coils, with the exception of the production of liquid steel for castings from small and medium-sized foundries;

c) hot finished products of iron, ordinary steel or special steel:

- rails, sleepers, fishplates, soleplates, joists, heavy sections 80 mm and over, sheet piling, bars and sections of less than 80 mm and flats of less than 150 mm, wire rod, tube rounds and squares, hot-rolled hoops and strips (including tube strip), hot-rolled sheets (coated or uncoated), plates and sheets of 3 mm thickness and over, universal plates of 150 mm and over, with the exception of wire and wire products, bright bars and iron castings;

d) cold finished products:

- tinplate, terneplate, blackplate, galvanized sheets, other coated sheets, cold-rolled sheets, electrical sheets and strips for tinplate, cold-rolled plate, in coil and in strip;

e) tubes:

- all seamless steel tubes, welded steel tubes with a diameter of over 406.4 mm;

Shipbuilding and ship repairs – NACE C 30.11; C 33.15

¹² The definition comes from Council Regulation (EC) No 1407/2002 on State aid to the coal industry

Annex No 2 to the Call

Annex I to the EC Treaty – manufacture, processing and marketing of the products mentioned in Annex I to the EC Treaty is excluded from aid

Nomenclature number	Type 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 intestines, bladders and stomachs (other than fish), whole and pieces thereof
05.15	Animal products not elsewhere specified or included; dead animals in 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; citrus and melon peels
Chapter 9	Coffee, tea and spices, excluding maté (heading No 09.03)
Chapter 10	Cereals
Chapter 11	Products of the milling industry; malt and starches; gluten; inulin
Chapter 12	Oil seeds and oleaginous fruit; miscellaneous grains, seeds and fruit; industrial and medical plants; straw and fodder
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 oil, of fish and marine mammals, whether or not refined
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, imitation lard and other prepared edible fats
- 15.17 Residues resulting from the treatment of fatty substances or animal or vegetable waxes
- Chapter 16** Preparations of meat, of fish, of crustaceans or molluscs
- Chapter 17**
- 17.01 Beet sugar and cane sugar, solid
- 17.02 Other sugars; sugar syrups; artificial honey (whether or not mixed with natural honey); caramel
- 17.03 Molasses, whether or not decolourised
- 17.05 Flavoured or coloured sugars, syrups and molasses, but not including fruit juices containing added sugar in any proportion
- Chapter 18**
- 18.01 Cocoa beans, whole or broken, raw or roasted
- 18.02 Cocoa shells, husks, skins and waste
- Chapter 20** Preparations of vegetables, 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 beverages (for example, cider, perry and mead)
- ex 22.08 Ethyl alcohol or neutral spirits, whether or not denatured, of any strength, obtained from agricultural products listed in Annex I to the Treaty, excluding liqueurs and other spirituous beverages and compound alcoholic preparations (known as 'concentrated extracts') for the manufacture of beverages
- ex 22.09
- 22.10 Vinegar and substitutes for vinegar
- Chapter 23** Residues and waste from the food industries; prepared animal fodder
- Chapter 24**
- 24.01 Unmanufactured tobacco, tobacco refuse
- Chapter 45**

Currently valid as from: 1 October 2008

45.01 Natural cork, unworked, crushed, granulated or ground; waste cork

Chapter 54

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

Chapter 57

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

(Note: concerns partially NACE C 11, 13, 20 (bio-ethanol))

Annex No 3 to the Call

Selection Criteria for Evaluating Projects within the Framework of the 2nd Call to the Eco-Energy Programme

The evaluation method:

The evaluation is conducted by a standard evaluation committee based on the project's point evaluation according to the selection criteria and from external opinions on the project's feasibility.

Evaluation rules

Those projects falling under activity 1 shall be preferably aided (see the table in article 8 above), in the order according to the number of points awarded. In addition, those projects falling under activity 2 shall be aided, etc., until the exhaustion of funds allocated for this call. Each project shall be evaluated in the materially relevant group of aided activities according to the specified criteria. Those projects earning fewer than 50 points shall not be aided. At the same time, it is valid that those projects earning worse than a C+ rating shall not be aided. A C+ rating assessment shall be automatically assigned to START UP-businesses.

Point evaluation criteria for Energy savings (thermal / electrical)

Criterion title	Criterion description	Partial point evaluation
Achieving permanent energy consumption savings	<p>Proving absolute energy savings (thermal / electrical) by the applicant as a % compared to the initial / original state (= 100%). (higher = more);</p> <p>For savings less than 5 %: 0 points</p> <p>For proved permanent minimum savings = 5 %: 15 points;</p> <p>For proved permanent savings = 30 % and higher: 45 points</p> <p>The course of the scoring line within the mentioned interval - see Graph 1 below.</p>	0 to 45 points
Environmental benefits	<p>Specific costs for reducing emissions CZK/kg of CO₂ per year (lower = better).</p> <p>Awarding points within the specified interval is performed according to the specified scoring line, see Graph 2 below.</p>	0 to 20 points
Economic efficiency	<p>Internal rate of return according to Decree No 213/2001 Sb., issuing details of energy audit requisites as amended (higher = better) according to the equation</p> $\sum_{t=1}^{T_z} \frac{CF_t}{(1 + IRR)^t} - IN = 0$ <p>IRR is internal rate of return T_z is the evaluation period – the maximum permitted economic lifetime is 20 years CF_t are the annual project's benefits IN are investment costs</p> <p>Scoring within an IRR interval of 0% to 5% is linear, over 5% constant 35 points.</p> <p>For the course of the scoring line within the mentioned interval, see Graph 3 below.</p>	0 to 35 points
Regional aspect	<p>If the project earns at least 50 points according to the above-mentioned criteria, it shall obtain a bonus of ten percent (the bonuses shall not be summarised) in the following cases:</p> <ul style="list-style-type: none"> • The project is implemented in a structurally affected region • The project is implemented in an economically weak region • The project is implemented in a region with above average unemployment • At the time of the submittal of the registration application, the project is included in the integrated town development plan 	10% point bonus

Point evaluation criteria for Small water power plants, landfill gasses, heat pumps, solar thermal collectors or heat from RES

Criterion title	Criterion description	Partial point evaluation
Preparedness of the projects	No officially substantiated preparedness (0 points) Valid Zoning and Planning Decision (for new structures) (5 points) Valid Notification of a Structure for renovations (10 points) or Valid Building Permit (10 points)	0 / 5 / 10
Specific investment costs	Specific investment costs of the projects for electricity / heat generation from RES (CZK/MW or kW) are related to the installed capacity and they measure the investment economy of projects. The set ranges of the specific investment costs take the account of the individual renewable source types – see the relevant items in Table 1 (small water power plants / landfill gas) or in Table 2 (technology of local heat sources from RES) below. Note: Number of points is determined by means of calculation from the equations mentioned in the Instructions for an Applicant below Table 1 for specific investment costs.	0 to 45
Proportional period of time of annual utilisation of the installed capacity	The proportional period of time of annual utilisation of the installed capacity of electricity and heat cogeneration from RES / small water power plants / landfill RES is given by the ratio between the binding planned electricity generation decreased by the own consumption of the source and the theoretical electricity generation in year-round continuous operation. The set ranges of the specific utilisation take the account of the individual renewable source types and the project types – see Table 1 below. The set ranges of the specific utilisation for technologies of local heat sources from RES – see Table 2 below. The set ranges take the account of the individual renewable source types. Note: Number of points is determined by means of calculation from the equations mentioned in the Instructions for an Applicant below Table 1 for proportional period of time of annual utilisation.	0 to 45
Regional aspect	If the project obtains at least 50 points according to the above mentioned criteria, it shall obtain a bonus of ten percent of points (the bonuses shall not be summarised) in the following cases: <ul style="list-style-type: none"> • The project is implemented in a structurally affected region • The project is implemented in an economically weak 	Bonus of 10% of the points achieved

	<p>region</p> <ul style="list-style-type: none">• The project is implemented in a region with the unemployment being high above the average• At the time of the submittal of the registration application, the project is included in the integrated town development plan	
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Point evaluation criteria for Electricity and heat co-generation from RES

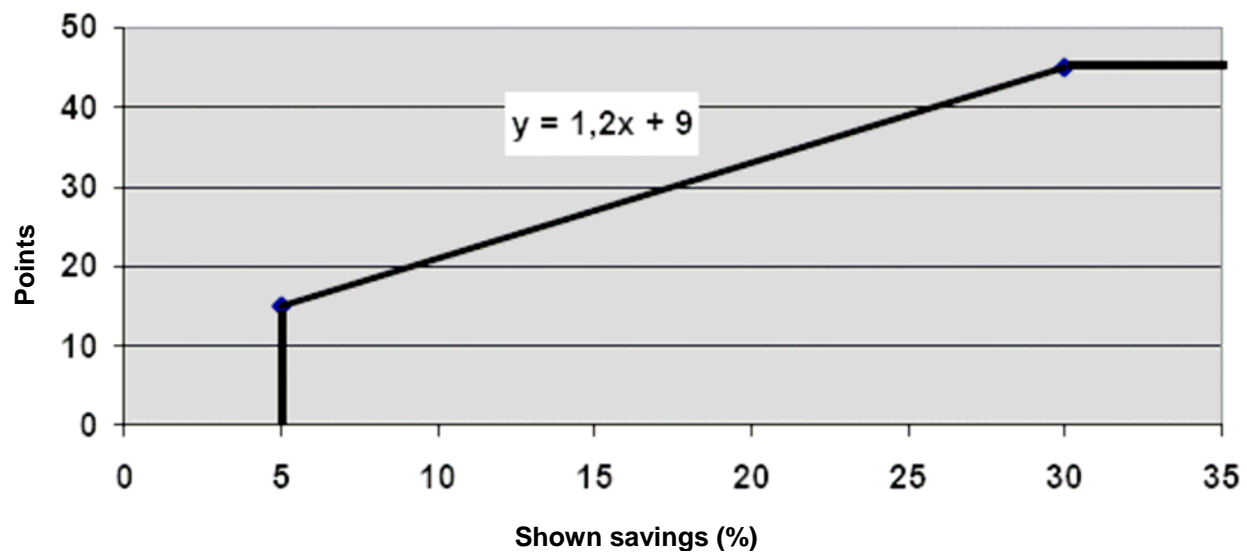
Criterion title	Criterion description	Partial point evaluation
Preparedness of the projects	No officially substantiated preparedness (0 points) Valid Zoning and Planning Decision for new structures (5 points) Valid Building Permit for new structures (10 points) Valid Notification of a Structure for renovations (10 points)	0 / 5 / 10
Specific investment costs	Specific investment costs of the projects for electricity and heat co-generation from RES (CZK/MW) are related to the installed capacity and measure the investment economy of projects. The set ranges of the specific investment costs take the account of the individual renewable source types – see Table 1 below. Note: Number of points is determined by means of calculation from the equations mentioned in the Instructions for an Applicant below Table 1 for specific investment costs; instead of the value 45 the value of 40 points is substituted.	0 to 40
Bonus for highly efficient co-generation	Primary fuel saving $\geq 10\%$. Points shall be awarded based on verification calculation of primary energy savings in accordance with Directive 2004/8/EC, according to Annex III.	0 / 10
Proportional period of time of annual utilisation of the installed capacity	The proportional period of time of annual utilisation of the installed capacity from RES is given by the ratio between the binding planned electricity generation decreased by the own consumption of the source and the theoretical electricity generation in year-round continuous operation. The set ranges of the specific utilisation take the account of the individual renewable source types and the project types – see Table 1 , (items for co-generation) below. Note: Number of points is determined by means of calculation from the equations mentioned in the Instructions for an Applicant below Table 1 for proportional period of time of annual utilisation; instead of the value 45 the value of 40 points is substituted.	0 - 40
Regional aspect	If the project obtains at least 50 points according to the above mentioned criteria, it shall obtain a ten percent point bonus (the bonuses shall not be summarised) in the following cases: <ul style="list-style-type: none"> • The project is implemented in a structurally affected region • The project is implemented in an economically weak region • The project is implemented in a region with the unemployment being high above the average • At the time of the submittal of the registration 	Bonus of 10% of the achieved points

	application, the project is included in the integrated town development plan	
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Courses and intervals of specification values to the Selection Criteria of Call II:

GRAPH 1:

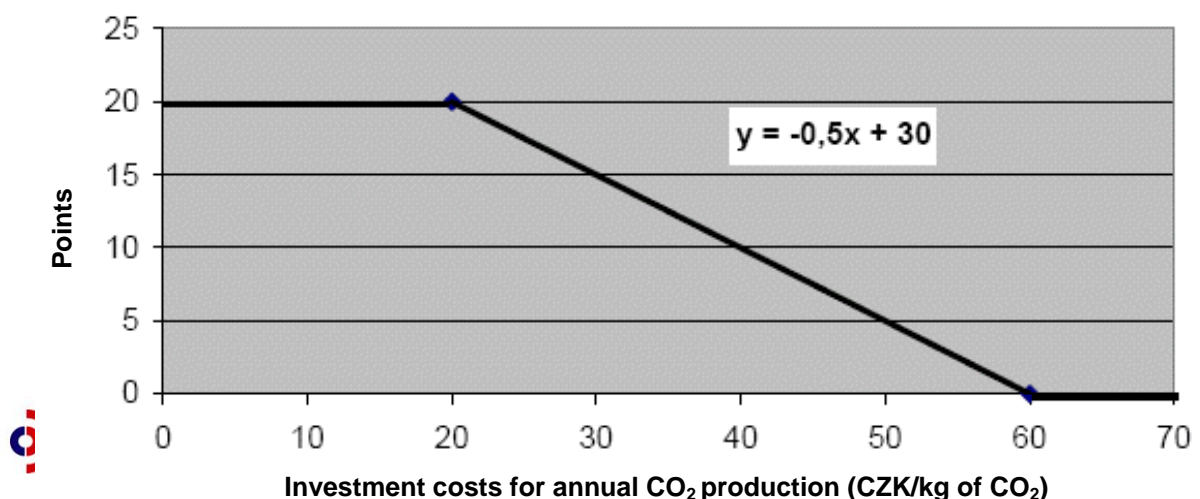
Scoring line of the achieved and proved permanent energy savings



GRAPH 2:

Environmental and energy benefits of the projects' implementation

Specific investment costs for reduced CO₂ emissions take account of the investment costs for emission reductions of 1 kg of CO₂ per year. The stipulated linear interpolation interval conforms to actual specific costs for emission reductions achieved in actual projects for Energy Savings in the Czech Republic. Between CZK 20 /kg of CO₂ and CZK 60 /kg of CO₂, the linear dependence is stipulated as: points $y = -0.5x + 30$; for specific investment costs lower than CZK 20 /kg of CO₂, 20 points appertain.



GRAPH 3:

The economic efficiency of projects

The purpose of this criterion is to assess the efficiency of the investment being evaluated compared to the requested rate of return of own means. We compare the internal rate of return (IRR) to the discount r . The calculation is stipulated from the project's perspective, from the system's point of view without the influence of taxes and financing, at constant prices in accordance with Decree No 425/2004 Sb.

For $IRR < 0\%$, the resulting score is 0 inasmuch as this project does not show sufficient economic viability (for this point, the maximum allowed economic lifetime of 20 years shall be tolerated).

For the $0\% < IRR < 5\%$ interval, linear interpolation is defined as: **the number of points $y = 7x$**

The IRR linear interpolation interval is established for the project to have a realistic basis for its implementation.

For IRR intervals of 5% and more, the constant maximum possible score is attributed, i.e. **$y = \text{const.} = 35$ points.**

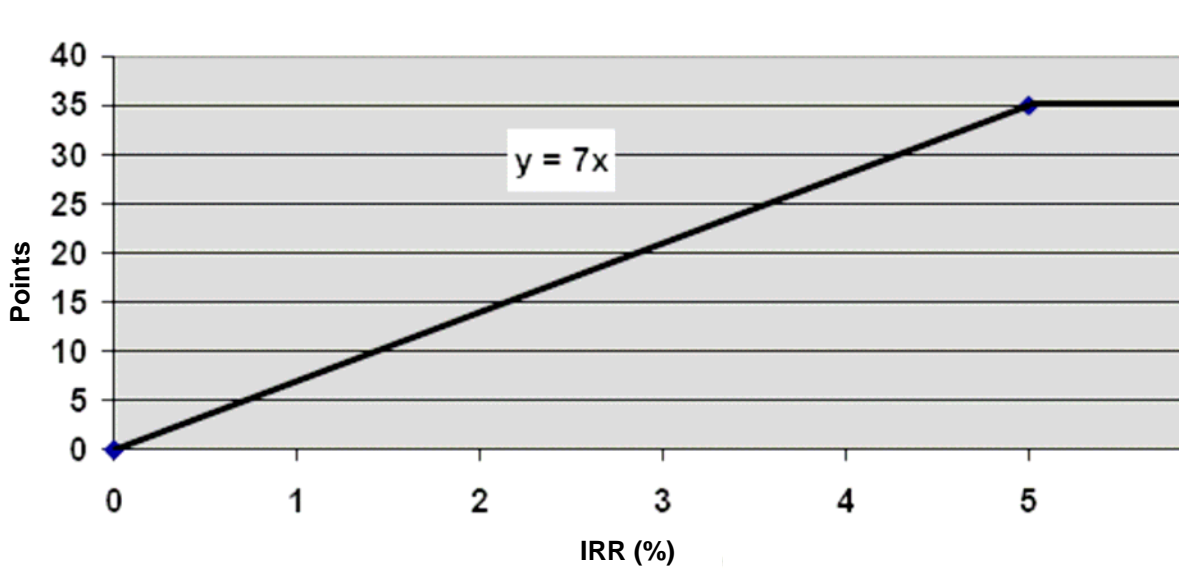


TABLE 1:
Limit values for electricity generation / electricity and heat co-generated from RES

Parameter:	Specific investment costs (thousands of CZK /kW)		Time ratio of annual utilisation of the installed capacity	
	Min	Max	Min	Max
Technology type:				
Small water power plant – Renovation	40	130	25%	60%
Small water power plant – New	90	260	20%	60%
Biomass – utilisation of heat from co-generation (40%)	50	140	50%	70%
Biomass – other	40	110	40%	60%
Biogas – utilisation of heat from co-generation (40%)	90	140	60%	91%
Biogas – other	40	110	60%	91%
Biogas mixed municipal waste – utilisation of heat from co-generation (40%)	40	90	60%	83%
Biogas mixed municipal waste – other	35	65	63%	86%

Specific investment costs per installed capacity

Specific investment costs of the projects for generating electricity from RES are related to the installed capacity and they measure the investment economy of the projects. The established ranges of the specific investment costs take account of individual types of renewable source.

The number of points is determined from the following equations:

$$f_{skut} \leq f_{min} ; 45 \text{ points}$$

$$f_{skut} \geq f_{max} ; 0 \text{ points}$$

$$f_{min} \leq f_{skut} \leq f_{max} ; 45 \times \frac{f_{max} - f_{skut}}{f_{max} - f_{min}} \text{ points}$$

where:

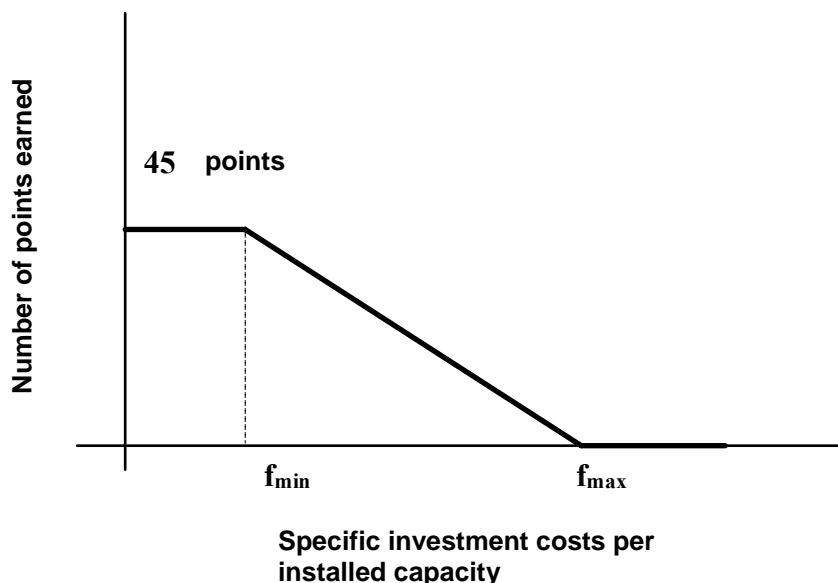
f_{min} The project's specific investment costs – lower limit

f_{max} The project's specific investment costs - upper limit

f_{skut} The project's specific investment costs - actual

Note: When determining the score for co-generation, instead of a value of 45, a value of 40 points is substituted.

In the following figure, the linear interpolation concerning standardisation of the specific investment costs per installed capacity is illustrated. In this case, the minimisation criterion is concerned.



Time ratio of annual utilisation of the installed capacity for electricity generation projects from OZE

Proportional period of time of annual utilisation of the installed capacity is given by the following formula:

$$t_{skut} = \frac{WeI_{netto}}{P_i \cdot 8760} \quad [-]$$

where:

WeI_{netto} ... annual electricity generation in kWh from the generator's terminals decreased by the source's own consumption

P_i ... installed electrical capacity in kW_e (generator's rating-plate value)

Proportional period of time of annual utilisation of the installed capacity from RES is given by the ratio between the binding planned electricity generation decreased by the source's own consumption and the theoretical electricity generation in year-round continuous operation. The established ranges of the specific utilisation take account of the individual renewable source types.

The number of points is determined by the following equation:

$$t_{skut} \leq t_{min} ; \quad 0 \text{ points}$$

$$t_{skut} \geq t_{max} ; \quad 45 \text{ points}$$

$$t_{min} \leq t_{skut} \leq t_{max} ; \quad 45 \times \frac{t_{skut} - t_{min}}{t_{max} - t_{min}} \text{ points}$$

where:

t_{max} Time ratio of annual utilisation of the installed capacity - lower limit

t_{min} Time ratio of annual utilisation of the installed capacity - upper limit

t_{skut} Time ratio of annual utilisation of the installed capacity - actual

Note: When determining the score for co-generation, instead of a value 45, a value of 40 points is substituted.

In the figure, this linear interpolation concerning standardisation of the proportional period of time of annual utilisation of the installed capacity is illustrated. In this case, the maximisation criterion is concerned.

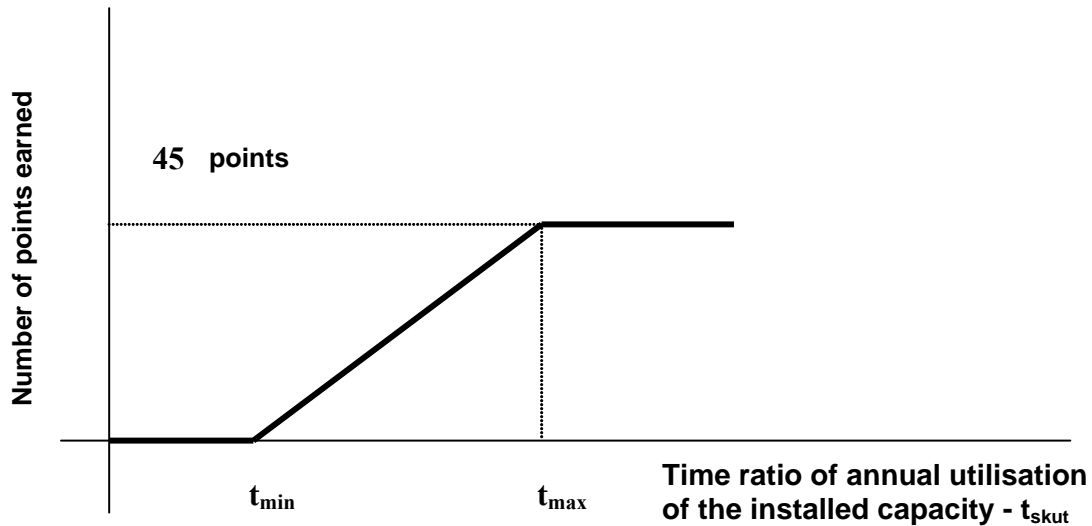


TABLE 2:
Limit values for technologies of local heat sources from RES:

Parameter:	Specific investment costs (thousands of CZK /kW)		Proportional period of time of annual utilisation of the installed capacity	
	Min	Max	Min	Max
Technology type:				
SOLAR flat	20	40	9%	14%
SOLAR vacuum	30	50	9%	14%
Heat pump (air)	17	32	11%	29%
Heat pump (boreholes)	27	47	11%	29%
Biomass - gasifying boiler + storage tank (min. 50 l/kW)	6	18	11%	29%
Biomass automatic boiler	5	30	11%	29%