PROGRAMME: ENERGY SAVINGS IN HEAT SUPPLY SYSTEMS – CALL I

The Energy Savings in Heat Supply Systems programme aims to support the competitiveness and sustainability of the Czech economy through maximising the use of combined heat and power generation.

SCHEDULE

Receipt of aid applications:

- Preliminary aid applications: 4 January 2016 – 7 March 2016
- Aid applications: 1 March 2016 – 30 June 2016

AIDED ACTIVITIES

a) The construction, development and interconnection of existing thermal energy supply systems, including heat transfer stations, in order to increase the use of high-efficiency combined heat and power generation aiming to achieve primary energy savings.
b) The renovation of existing thermal energy supply systems, including heat transfer stations, in order to maximise primary energy savings or, as the case may be, utilise heat provided by high-efficiency combined heat and power generation and heat or waste heat from industrial processes.
c) The installation of solar collectors and heat pumps for preheating non-potable hot water that will be a part of thermal energy supply systems.
d) The installation of and upgrades to technological equipment related to distribution, including metering and control in thermal energy supply systems.
e) The installation and renovation of high-efficiency gas-fired cogeneration units in thermal energy supply systems. This measure will be eligible if it is part of any combination of the above aided activities a); b); c); d) that the form the majority of eligible expenditures.

APPLICANT

- Natural persons or legal entities, based on a license for thermal energy and/or electrical energy production and for thermal energy distribution, which are granted by the Energy Regulatory Office (ERO) pursuant to Section 5 of Act No 458/2000 Sb., on the conditions for conducting business and public administration in the energy sector and amending certain acts (the Energy Act).
- In the case of a new entity, a license for thermal energy and/or electrical energy production and for thermal energy distribution pursuant to Section 5 of Act No 458/2000 Sb. must be presented no later than at the time of submitting the request for payment for the last stage.

- Types of aided entities: Business entities, including those that are up to 100% state owned.
- The applicant / beneficiary may be a business entity; a small or medium-sized enterprise as defined in Annex I to Regulation 651/2014, a large enterprise.
- The applicant is authorised to conduct business activities within the Czech Republic that correspond to the aided economic activity to be implemented through the project.
- According to the applicant's sworn statement, the applicant has been registered with the tax authority as an income-tax payer pursuant to section 125 of Act No 280/2009 Sb., the Tax Code, as amended, without interruption for a period of no less than two closed tax periods preceding the date of the submission of the preliminary aid application. In the case of an entity with no history that uses the option to demonstrate its history through a foreign parent company in accordance with the Transformation of Entity methodological guideline, the condition of being registered with the tax authority for does will not apply. The applicant will present a sworn statement about simple registration with the tax authority pursuant to Section 125(1) of Act No 280/2009 Sb., the Tax Code, as amended.
- According to the applicant's sworn statement, the applicant does not have any outstanding arrears towards selected institutions or towards the providers of aid within projects that are co-financed by the European Union budget. Deferment of the payment of arrears or the existence of an agreement on the payment of arrears are deemed settled arrears.
- According to the applicant's sworn statement, the applicant does not have any arrears in terms of salary claims by its employees.
- The applicant does not have any outstanding liabilities arising under a recovery order that has been issued – following a previous decision – by the Commission declaring the aid illegal and incompatible with the common market.
- As of the date of submitting the aid application, the applicant has closed no less than two consecutive accounting periods. If the applicant has only been in business for a shorter period of time, the required history may be proven through the entity/entities exercising controlling influence in the applicant. The condition of two closed accounting periods can also be deemed fulfilled in the event that, during the period under review, there was a change (a transformation) in the applicant's entity.

SECTORAL CLASSIFICATION

- Aid is provided to projects whose outputs will have an effect in the sectors defined in Part A of Annex 2 to the Call.
- Aid is not provided to projects whose outputs will have an effect in any of the sectors defined in Part B of Annex 2 to the Call.

MAIN CONDITIONS OF THE CALL

- The project must be implemented within the Czech Republic, except for within the capital city of Prague. Within the project, only one place of implementation may be used. The place of implementation should be part of one district's heating and cooling system.
- The applicant must clearly prove ownership or other rights to the real estate or land where the project will be implemented.

- The project does not envisage aid to activities that are linked to any quantity exported (export subsidies), aid to the establishment and operation of a distribution network abroad, or to other current costs linked to export activities (customs duties, insurance), and aid contingent upon the use of domestic over imported goods.
- The project must not violate the EU horizontal policies and their basic principles including, without limitation:
    - Equal opportunities for men and women (compliance with EU and Czech legislation on non-discrimination, especially the Labour Code).
    - Sustainable development (compliance with EU and Czech legislation on environmental protection).
- For projects with total eligible expenditures in excess of CZK 5 million, there will be an obligation to perform a Financial Analysis of the Investment. For projects with total eligible expenditures in excess of CZK 100 million, there will be an obligation to perform an 'economic' analysis in which the project's socio-economic impacts will be taken into account according to a defined code list. The financial terms apply to the project's total eligible expenditures.
- The applicant's financial health, expressed through a simplified economic evaluation by the Intermediate Body, must not be lower than 5 points (the evaluation will be carried out as part of the aid application together with a cost-benefit analysis).
- The applicant holds a license for electricity transmission issued by the Energy Regulatory Office in accordance with Section 5 of Act No 458/2000 Sb., on the conditions for conducting business and public administration in the energy sectors and amending certain acts (the Energy Act).

ELIGIBLE EXPENDITURES

- Expenditures on building and technological equipment including metering and control in thermal energy supply systems as required in order to achieve primary energy savings.
- Fixed tangible assets - When acquiring construction works, the aid provider will only consider these to be eligible up to the amount of the construction work prices indicated in the ÚRS/RTS/etc. lists for the year in which the aid application was submitted. In this context, the applicant is obliged to submit – along with the aid application – a detailed itemised budget with prices for the construction works that are planned to be implemented within the project. If the price for the construction works is higher than the price indicated in the construction work pricing guidelines (ÚRS/RTS/etc.), such expenditures will be reduced to an amount corresponding to the guidelines.
- Fixed intangible assets (if required for the proper operation of fixed tangible assets).
- Project documentation, environmental studies (including energy assessments).

FORM AND AMOUNT OF AID

- Aid intensity:
  In the case of measures related to energy-efficient district heating and cooling, including the installation of gas-fired combined heat and power (CHP) generation, the following applies:
  - If the beneficiary is a small enterprise, aid is granted up to 50% of EE.
  - If the beneficiary is a medium-sized enterprise, aid is granted up to 40% of EE.
  - If the beneficiary is a large enterprise, aid is granted up to 30% of EE.

- Aid intensity for Environmental Studies (Energy Assessment):
  - If the beneficiary is a small enterprise, aid is granted up to 50% of EE.
  - If the beneficiary is a medium-sized enterprise, aid is granted up to 40% of EE.
  - If the beneficiary is a large enterprise, aid is granted up to 30% of EE.

- Aid for a project is provided in an amount of no less than CZK 0.5 million and no more than CZK 350 million.
- The maximum total subsidy amount for environmental studies – energy assessment pursuant to Section 9a(1)(e) of the Act No 406/2000 Sb., on energy management, as amended, and energy assessment pursuant to Section 9a(1)(b), (c) or (d) of the Act No 406/2000 Sb., as amended, is CZK 350 000.