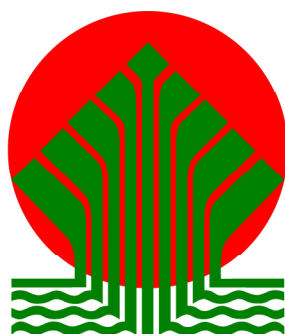


Green Investment Scheme (GIS) Programme

Part 3

Biomass combined heat and power stations



**National Fund for Environmental Protection
and Water Management**

Green Investment Scheme Operator

Poland

PRIORITY PROGRAMME

Programme title:

GIS – Green Investment Scheme

Part 3) Biomass combined heat and power stations.

1. Objective of the programme

Reducing or avoiding carbon dioxide emission from combustion of fossil fuels by co-financing of construction of biomass combined heat and power stations.

2. Indicators of objective achievement

Planned value of indicator (reduction of CO₂ emissions) to be achieved based on signed till 2014 co-financing agreements reaches 15 606 Mg/year. Value of the indicator to be achieved in the period 2016-2017 based on the planned confirmation of the environmental effect is established on the level of 54 000 Mg/year.

Table providing detailed information about indicator is provided in the Annex 3.

3. Budget

1. The budget is set at:

1) Planned commitments for non-refundable form of co-financing is set at PLN 7 451,9 thousand – from the resources obtained from sale of assigned amount units (AAUs) or other resources of the National Fund.

2) Payments under executed and planned commitments for non-refundable form of co-financing is set at PLN 14 213,3 thousand.

3) Planned commitments for refundable form of co-financing is set at PLN 7 846,2 thousand – from resources of the National Fund.

4) Payments under executed and planned commitments for refundable form of co-financing is set at PLN 18 451,8 thousand

2. The budget table for the priority programme has been presented in Annex 2 to the programme.

4. Implementation period

1. The program is being implemented in the years 2010 – 2017.

2. Allocation of funds in the years 2011 – 2014.

3. Disbursement of funds: until 31 December 2015.

5. Deadlines and manner of the submission of applications

The call for proposals takes place under competition procedure. Announcements will be placed at www.nfosigw.gov.pl.

6. Legal basis for granting co-financing

1. The Act of 27 April 2001 – Environmental Protection Law (Dz. U. of 2008 No 25, item 150 as amended).
2. The Act of 10 April 1997 – Energy Law (Dz. U. of 2010 No 21, item 104).
3. Act of 17 July 2009 on the system to manage the emissions of greenhouse gases and other substances (Dz. U. No 130 item 1070).
4. The public aid will be granted in accordance with the conditions defined in:
 - 1) the ordinance of the Council of Ministers of 22 December 2006 on establishing aid programme in the scope of regional public aid for certain environmental protection investments (Dz. U. No 246, item 1795, as amended), hereinafter referred to as "the ordinance on regional aid";
 - 2) the 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,, 28.12.2006), hereinafter referred to as "the regulation on de minimis aid".

7. Detailed rules for the award of co-financing

7.1 Forms of co-financing

- 1) grant;
- 2) loan.

7.2 Intensity of co-financing

- 1) Amount of grant: up to **30%** of eligible costs referred to in point 9.2, subject to point 3;
- 2) amount of loan: up to **45%** of eligible costs referred to in point 9.1, subject to point 3;
- 3) in case when co-financing meets the requirements for acknowledging it as the public aid, it will be granted with consideration to conditions defined in points 4 – 6;
- 4) co-financing in the part allocated for preparatory activities (including: technical concepts, feasibility study, environment impact report) is granted as de minimis aid in accordance with conditions defined in the regulation on de minimis aid;
- 5) regional aid is granted for the remaining eligible costs, in accordance with conditions defined in the ordinance on regional aid.
- 6) regional aid intensity is calculated with consideration to the total value of public aid from all sources envisaged in financing for a given undertaking and cannot exceed the allowed intensity of public aid defined in the provisions of the ordinance on regional aid;

7.3 Conditions of co-financing

- 1) grant may be granted from the GIS funds and/or other funds of the NFEPWM;
- 2) in case of projects co-financed from GIS funds, obtaining loan from the NFEPWM funds is subject to receiving grant from GIS funds;
- 3) minimum total cost of the project over PLN 2 thousand;
- 4) co-financing cannot be granted to projects which received co-financing from other priority programmes of the NFEPWM;
- 5) co-financing in form of loans:
 - a) variable interest rate WIBOR 3M +50 base points (annually). Interest is paid regularly on a quarterly basis. The first payment at the end of the calendar quarter following the quarter in which payment of the first tranche of funds was made.
 - b) period of financing: loan may be granted for a period not longer than 15 years after the date of the first planned payment of loan tranche,

- c) grace period: grace period for the payment of principal instalments may apply when granting a loan, calculated from the date of the disbursement of the last loan tranche, yet no longer than 18 months from the completion date of the project implementation.
- d) loan cannot be amortised.

7.4 Beneficiaries

- 1) Entities (natural persons, legal persons or organisational units without legal status with legal capacity granted by the act) implementing projects within the scope of renewable energy sources and cogeneration facilities with the exclusive use of biomass (dispersed sources with nominal thermal power below 20 MW_t).
- 2) the dominant company and its subsidiaries can submit only one application for co-financing in one competition:
 - a) submission of the application for co-financing by a dominant company excludes the submission of such application by its subsidiaries. Submission of the application for co-financing by a subsidiary excludes the submission of such application by another subsidiary with the same dominant company as well as by the dominant company,
 - b) a dominant entity is a natural person, legal person (excluding the Treasury), organisational unit without legal status, with legal capacity granted by the act:
 - which has over 50% of shares in the capital company (subsidiary) or is a partner in the partnership (subsidiary),
 - whose members of the board or other equivalent body constitute more than half of the board of another commercial partnership (subsidiary).
 - c) a subsidiary is a commercial partnership with relations to the dominant entity indicated in (b).

7.5 Types of undertakings

Construction, development or reconstruction of facilities producing electricity or thermal energy (cogeneration) **with the exclusive use of biomass** (dispersed sources with nominal thermal power below 20 MW_t).

7.6 Procedure for granting co-financing (in the scope of GIS funds)

- 1) The call for proposals takes place under competition procedure. Announcement on the call for proposals and its conditions will be published in a nationwide newspaper and on NFEPWM website;
- 2) NFEPWM after collecting applications within the competition will assess them and prepare a list of projects initially qualified for co-financing from GIS funds;
- 3) contract for co-financing from GIS funds may be signed after approval of the project for co-financing made by the Minister of the Environment;
- 4) In the case when the Minister of the Environment removes the project from the list of projects initially qualified for co-financing, the applicant has the right to appeal to the Minister and then in case of sustaining the decision, the right to appeal to the administrative court.

8. Detailed criteria for selection of undertakings

Access criteria			
Formal criteria:		Yes	No
1.1	Application is submitted within the deadline		

1.2	Application is submitted on valid form and filled out in Polish		
1.3	Application is complete, signed correctly, has required annexes for technical, environmental and financial assessment		
1.4	Application contains correct arithmetic calculations		
1.5	Type of undertaking is consistent with section 7.5 of the priority programme		
1.6	Applicant is included in the category “Beneficiaries” – section 7.4 of the priority programme		
1.7	Costs are consistent with the catalogue of “Eligible costs” indicated in section 9 of the priority programme		
1.8	Type and amount of planned co-financing are consistent with detailed provisions for granting co-financing defined in sections 7.1 – 7.3 of the priority programme		
1.9	Co-financing applied for is consistent with the principles of public aid (if applicable)		
Substantive criteria:		Yes	No
1.10	New devices were used		
1.11	Selected variant of implementation – solution selected on the basis of the analysis of options, justification given for the adopted solution		
1.12	Technical feasibility (including: correct selection of technology which guarantees physical durability of the investment, realistic schedule of implementation).		
1.13	Environmental effect (including reliability of assumptions and data, achievable ecological effect that is also possible to maintain for 5 years after the project completion).		
1.14	Cost analysis (including: investment layouts and operational costs estimated on the basis of reliable data and realistic assumptions).		
1.15	Market conditions (including: appropriate assessment of the potential of renewable energy source, possibility of acquiring raw materials and selling energy)		
1.16	Institutional structure and formal and legal aspects (including: transparent ownership structure and legal form, clear contact relations, submitted application for issuing construction permit or having construction permit(s) regarding all elements of the investment (if required), promise of licences by the President of the Energy Regulatory Office (if required)		
1.17	Financial structure (including: reliable financing, feasibility and financial durability of the undertaking, type and amount of collateral acceptable by the NFEPWM)		
Does the application qualify for further assessment?			
Criterion for selecting applications			
2.1	Cost-efficiency (DGC – Dynamic Generation Cost, see Annex 1)		

Negative result at the stage of the access criteria excludes the application for co-financing from further proceedings.

9. Eligible costs¹

¹ Public aid granted under principles defined in paragraph 6.4 cannot be used for supporting primary production of agricultural products. For that reason, in the case of the applicant using part of the produced thermal energy or electricity for one’s own needs related to primary production of agricultural products, the eligible costs will be proportionally decreased. Using part of the produced thermal energy or electricity for one’s own needs related to primary production of agricultural products cannot exceed 50% of the produced energy (calculated according to the value of the energy).

1. period of eligibility of the costs from 1 January 2010 to 31 December 2015, subject to provisions on State aid.
2. In the case of GIS funds, the catalogue of eligible costs and the period of eligibility will be defined in the competition documentation.
3. VAT does not represent eligible cost if the beneficiary is able to reclaim or deduct VAT. If the beneficiary is not able to reclaim or deduct VAT, it constitutes eligible cost.

9.1 Costs eligible for co-financing from NFEPWM funds

9.1.1 Costs eligible for de minimis aid:

- 1) preparatory activities (including technical concepts, feasibility study, environment impact report), provided that they have been specified in the application for co-financing.

9.1.2 Costs eligible for regional aid:

- 1) construction plans and detailed designs;
- 2) cost of purchase or production of new fixed assets, including:
 - a) structures and buildings (there should be a direct relation between acquiring buildings and structures and the goal of the project),
 - b) machines and devices,
 - c) tools, instruments and equipment,
 - d) technical infrastructure related to the new investment, where construction of technical infrastructure devices is understood as interior installations in technological facilities, media connections to technological facilities, roads and processing areas etc.;
- 3) cost of installing and activating fixed assets;
- 4) costs of purchasing materials or construction works, on the condition that they are directly related to objectives of the supported undertaking;
- 5) purchase of intangible assets and legal assets in form of: patents, licences, non-patented technical and technological knowledge or the knowledge on organisation and management,
- 6) costs of supervision.

9.2 Costs eligible for co-financing from funds provided under GIS subsidies

- 1) cost of purchase or production of new fixed assets, including:
 - a) structures and buildings (there should be a direct relation between acquiring buildings and structures and the goal of the project),
 - b) machines and devices,
 - c) tools, instruments and equipment,
 - d) technical infrastructure related to the new investment, where construction of technical infrastructure devices is understood as interior installations in technological facilities, media connections to technological facilities, roads and processing areas etc.;
- 2) cost of installing and activating fixed assets;
- 3) costs of purchasing materials or construction works, on the condition that they are directly related to objectives of the supported undertaking;
- 4) purchase of intangible assets and legal assets in form of: patents, licences, non-patented technical and technological knowledge or the knowledge on organisation and management,
- 5) costs of supervision.

10. Examination procedure for applications

1. Applications for co-financing in form of grant are considered in competition mode.
2. Details of the method of proceedings are set out in the rules of the contest.

3. Unregulated matters considering applications referred to in point 1 are governed by NFEPWM internal regulations.
4. Applications for co-financing in form of a loan are considered in continuous call for proposals, subject to points 5 and 6.
5. Application referred to in point 4 is submitted together with the application for co-financing in form of grant, within deadlines published on the NFEPWM website: www.nfosigw.gov.pl
6. The terms defined in the rules of the competition apply to the application referred to in point 4.

11. Other requirements

1. Beneficiary of the co-financing (when awarding procurements) is obliged to apply provisions of the Public Procurement Act (Dz. U. of 2007 No 223, item 1655, as amended), hereinafter referred to as the PPA, in case when they are the contracting party within the meaning of Article 3 section 1 of the PPA including the case when conditions mentioned in article 3 section 1 point 5 of the PPA are fulfilled.
2. In case when Beneficiary is not the contracting party mentioned in (1), when awarding procurements he is obliged to apply rules of equal treatment, fair competition and transparency defined in Article 3 (3) of the PPA by concluding contracts in writing (unless other form is reserved for a given activity) in form of auction or tender mentioned in Article 70¹ – 70⁵ of the Civil Code.

For Annexes No 1 – 3, refer to website <http://www.nfosigw.gov.pl/system-zielonych-inwestycji--gis/programy-priorytetowe/>