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ENOVA

Energy Efficient District Heating and Cooling Scheme

State aid Reference no.:
26/2016/ENV

1. State

Norway

2. Title of aid scheme

Energy Efficient District Heating and Cooling Scheme (The Scheme).

3. National legal basis

Parliamentary Decision of 5 April 2001¹ on the basis of a proposition by the Ministry of Petroleum and Energy of 21 December 2000² The Parliamentary Decision amends the Energy Act of 29 June 1990 No 50 (Energiloven).

¹ Odelstingets vedtak til lov om endringar i lov 29. juni 1990 nr. 50 om produksjon, omforming, overføring, omsetning og fordeling av energi m.m. (energilova). (Besl.O.nr.75 (2000-2001), jf. Innst.O.nr.59 (2000-2001) og Ot.prp.nr.35 (2000-2001)).

² Ot.prp.nr.35 (2000-2001)

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4. EEA legal basis

All aid³ provided under this Scheme will be within the limits set out in Article 46 of Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation).

A full version of the Regulation can be found at:

http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.187.01.0001.01.ENG

Summary information relating to the Scheme has been registered with the EFTA Surveillance Authority under reference SA 26/2016/ENV

5. Definitions

For the purpose of the Scheme the definitions laid down in Chapter 1 Article 2 of the General Block Exemption Regulation (GBER) are applied by Enova.

6. Objective of the Scheme

The objective of the Scheme is to enable undertakings to invest in the installation of energy efficient district heating and cooling systems based on renewable sources such as waste heat, woodchips, pellets and heat pumps, and thus contribute to a higher level of environmental protection.

³ State aid granted by the EFTA States under the Act referred to in point 1j of Annex XV of the EEA Agreement

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7. Eligible Costs

The costs of the project must be transparent and directly and exclusively related to the project.

The eligible costs for the production plants shall be the extra costs needed for the construction, expansion, and refurbishment of one or more generation units to operate as an energy efficient district heating and cooling system compared to a conventional production plant. The investment shall be an integral part of the energy efficient district heating and cooling system.

The eligible costs for the distribution network shall be the investment costs.

8. Aid Intensities

Aid intensity for the production plant	
Small enterprises	65 %
Medium-sized enterprises	55 %
Large enterprises	45 %

The aid intensity for the distribution network shall not exceed the difference between the eligible costs and the operating profit. The operating profit shall be deducted from the eligible costs ex ante or through a clawback mechanism.

9. Notification Threshold

Aid awarded under this scheme will be granted up to EUR 15 million per undertaking per investment project (for the production plant). Aid for the district heating or cooling

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distribution network will be granted up to EUR 20 million per undertaking per investment project.

10. Body authorized to implement the Scheme

Enova SF⁴ is the authorized body to implement the Scheme.

11. Scope of the Scheme

The scheme will be open to undertakings that are registered in Norway and supports projects that are located in Norway or in the Norwegian economic zone.

Aid will not be granted to undertakings that are:

- Subjects to a pending recovery order at the time the application is submitted to Enova; or
- In financial difficulties at the time the application is submitted to Enova.

12. Duration of the Scheme

The scheme will run from 1st November 2016 until December 31st 2020.

13. Budget for Aid under the Scheme

The estimated annual budget for the Scheme will be maximum 350 million NOK.

Should the budget for this scheme increase, Enova will inform the EFTA Surveillance Authority.

⁴ <https://www.enova.no/about-enova/about-enova/259/0/>

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14. Form of aid

All aid awarded under the Scheme will be transparent and in line with criteria set out in Article 5 of the GBER. Aid may be awarded by way of grants.

15. Eligible activities to be supported under the Scheme

The Scheme supports the following activities:

- District heating and cooling plants that deliver energy to external customers
- Infrastructure projects for district heating and cooling which comprise transmission facilities and distribution facilities up to the metering point for delivery of energy
- Conversion to renewable production in existing heating based on non-renewable energy sources, where energy supply has not previously received support from Enova
- District heating plants with combined power and heat. If power supply is not eligible for green certificates, it will be included in the energy yield in addition to the heat delivery
- The projects should have an economic lifetime, calculated from the first years of energy supply, of at least 15 years for energy production, a minimum of 20 years for energy production and at least 30 years for distribution
- The projects should be based on renewable energy sources and / or waste heat base as the base load
- The projects should have a defined extent and delivery area

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- The applicants must have a district heating license, where required or provided by the developer

16. Transparency

Only aid for which it is possible to calculate the precise amount of the aid at the point at which it is awarded will be provided under the Scheme (art 5 (1) GBER).

17. Incentive effect

Aid recipients must demonstrate that the aid is required for projects to proceed by submitting a written application before work on the project or activity has started. The application will as a minimum contain the following information (Art 6 GBER):

- (a) Name and size of the undertaking receiving the aid;
- (b) Description of the project, including its start and end dates;
- (c) Location of the project;
- (d) List of project costs;
- (e) Form of aid and amount of public funding needed for the project.

18. Cumulation

In determining whether the notification thresholds and the maximum aid intensities are respected, the total amount of State aid for the activity or project shall be taken into account (Art 8 GBER). The total amount of State aid may be comprised of local, regional, national or other funds managed and controlled by Norway as a contracting party to the EEA Agreement⁵.

⁵ Ref. Structural Funds which qualify as State aid

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EU funding that is understood as centrally managed and outside the direct and indirect control of Norway will not be taken into account for the calculation of the notification thresholds and aid intensities.

The total amount of public funding, which includes State aid and EU funding together and is granted in relation to the same eligible costs should not exceed the most favourable funding rate⁶ laid down in the applicable rules of EU/EEA Law.

Aid provided under this Scheme will not be cumulated with any de minimis aid in respect of the same eligible costs, if such cumulation would breach the applicable aid intensities.

19. Publication, Reporting and Monitoring requirements

Enova will ensure the publication on Norway's national State aid register (art 9 GBER) of:

- The summary information about each aid measure exempted under GBER in the standardised format laid down in Annex II of the GBER (ref. GBER information sheet), or a link providing access to it
- The full text of each aid measure, including its amendments (ref. the Scheme), or a link providing access to it
- The information referred to in Annex III of the GBER on each individual aid award exceeding EUR 500 000

In particular, the information on each individual aid award shall be organised and accessible in a standardised

⁶ The term "funding rate" is broader than "aid intensity". It refers to the ratio of the total amount of public funding (State aid and EU funding together) to the eligible costs for a specific project

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manner, as described Annex III, and shall allow for effective search and download functions.

All the above information shall be published within 6 months from the date the aid was granted and shall be available for at least 10 years from the date on which the aid was granted.

Enova will follow the requirements on reporting and monitoring as they are described in articles 11 and 12 of the GBER.

Detailed records with the necessary information and supporting documentation will be maintained for 10 years from the date of the last award of aid under the Scheme.

Enova will provide the EFTA Surveillance Authority with all the information and documentation it considers necessary to monitor the application of the GBER within 20 days of such request from the Authority.