

## **Call for proposals to aid economic recovery by granting Community financial assistance to projects in the field of energy**

### **Offshore Wind Energy (OWE) projects**

## **Frequently Asked Questions**

#### Question 1

**Are the projects listed as ANNEX eligible projects competing with each other for grant money? E.g., would applicants for Borkum West II, Nordsee Ost, Global Tech 1 and BARD Offshore 1 all be competing for up to EUR 200 million?**

**In some way, yes, as a ranking will be established by the evaluators and support will be related to the specific qualities of the actions proposed to implement the eligible projects, assessed according to the award criteria and their weighting.**

#### Question 2

**Is there a chance just one of those projects could secure the entire fund?**

**Not impossible but very unlikely that only one project meets the selection criteria and fulfils the award criteria.**

#### Question 3

**Is there a chance none of the projects may secure any funding?**

**Theoretically, yes, if for all proposals, the selection and award criteria are not met.**

#### Question 4

**The proposal text says no aid would be awarded to projects receiving other sources of community financing. Does this include EIB funding? Or is that text just meant to prevent any project receiving more than one of these energy grants?**

**Article 11.2.2 of the Call for Proposals in relation to Article 111 of the Financial Regulation states: "No Community financial aid shall be awarded to actions receiving funds from other sources of Community financing." In principle, EIB is not part of the general budget of the Communities and this is not Community financing. Nevertheless, in the case of on-going agreements for financing with the EIB this should be clearly indicated in the proposal specifying the exact funding commitment or at least the indicative amount if no commitment has been made yet.**

#### Question 5

**Are all the projects listed as ANNEX eligible projects considered pre-qualified for these grants?**

According to Article 11.2.1.1 of the Call for Proposals, proposals shall be eligible for EEPR assistance only if they implement the projects listed in Part B of the Annex of the EEPR Regulation, do not exceed the maximum amount of EEPR assistance laid down there and fulfil the selection and award criteria under the specific sub-programme of the EEPR Regulation. There are projects in Part B of the Annex that have already been identified - i.e. those in sections 1.1, 2.1, 2.2, and 2.3 while for section 1.2 no projects have been identified. In any case, the proposed actions implementing the projects in the Annex should fulfil the selection and award criteria for receiving the grant.

#### Question 6

Just to double-check, if a project is not awarded grant money after all, how would the allocated funds then be spent? I've seen reports that unused funding from this stimulus would go towards establishing energy-efficient cities. Is that correct?

Article 28 of the EEPR states: The Commission shall monitor the implementation of this Regulation. Each year, when it presents the preliminary draft budget, it shall present a report to the European Parliament and to the Council on the implementation of the Programme. If the report identifies serious risks in implementing the priority projects the Commission should recommend measures to offset those risks, and make additional proposals for projects consistent with the Recovery Plan, if appropriate.

#### Question 7

I would respectfully like to ask you whether the Commission envisions entertaining proposals for funding for projects other than the ones listed in the regulation.

Please refer to Article 13 of the draft EEPR Regulation: *"Proposals shall be eligible for EEPR assistance only if they implement the projects listed in the Annex, Part B,...."* Note that there are projects in Part B of the Annex that have already been identified - i.e. those in sections 1.1, 2.1, 2.2, and 2.3 while for section 1.2 no projects have been identified. In any case, the proposed actions implementing the projects in the Annex should fulfil the selection and award criteria for receiving the grant.

#### Question 8

I understand that the Commission will only approve funding for projects which have reached a fairly advanced stage of preparation, i.e. new projects will not be considered. Is this correct?

Only projects listed in Annex, Part B of the draft EEPR Regulation will be considered. Article 13 of the draft EEPR Regulation states: *"Proposals shall be eligible for EEPR assistance only if they implement the projects listed in the Annex, Part B,...."* In addition, Article 14.2 (a) of the draft EEPR Regulation introduces the maturity requirement as an award criterion, which is further elaborated in the Call for proposals under point 11.2.3.2. (a).

#### Question 9

**What will happen to the allocated funds if one of the projects included in the EEPR fails in its application for funding?**

**Please refer to the reply to question 6**

Question 10

**What is the appropriate length of the application? In Annex 5 20/30 pages are mentioned. Is this a limit/recommendation for entire application or just for the project description?**

**The project description should not be much longer than approx. 20-30 pages.**

Question 11

**Regarding financial viability: if the application is submitted by one or two a companies, which are part of a common holding structure, can financial numbers be provided for the holding company (the consolidated entity) only? Is this a problem?**

**The financial viability will be examined on the basis of the financial data relevant to the beneficiary(ies) of the grant, i.e. the undertaking(s) actually carrying out the action for which a grant is received. The consolidated financial numbers of the holding company could be provided in so far as the beneficiary considers them a factor demonstrating its financial viability.**

Question 12

**With regard to the action that is to be chosen for the application, it would make sense to focus on the innovative turbines of the project. The total costs for the turbines however could be significantly higher than the envisaged amount for the action. Would you recommend that an application is submitted for the higher amount but we only apply for a grant up to the allowed maximum of subsidy , or should we try to cut the budget for the turbines down to the possible amount by e.g. including only one fourth of the turbines, which would mean an arbitrary cut?**

**The applicants have to identify precisely the eligible costs for which the grant is requested. These costs have to relate to the innovative equipment as per the Annex 3 of the Call for Proposals. According to Article 15 of the Draft Regulation, "EEPR assistance shall not exceed 50% of the eligible costs".**

Question 13

**How can we decide whether a company involved in the implementation of the project is to participate in the Call as a beneficiary or as a sub-contractor?**

**According to Article II.9.2, a) of the grant agreement model, sub-contracting could "only cover the execution of a limited part of the action". Sub-contractors do some work that is needed for the implementation of the action. However, they do not implement the action in its entirety and do not have the responsibility for its implementation according to the provisions of the grant agreement. The beneficiary is the one actually carrying out**

**the action for which a grant is received. The beneficiary has full and sole responsibility for ensuring that the action is implemented in accordance with the agreement.**

Question 14

**There has been an information day with presentations to the call - Could we have a pdf version of the slides presenting the call and the specific rules?**

**The general presentation of the Call as well as the specific one for the Offshore Wind Energy Programme are at the very bottom of the following webpage: [http://ec.europa.eu/energy/grants/2009\\_07\\_15\\_en.htm](http://ec.europa.eu/energy/grants/2009_07_15_en.htm)**

Question 15

**In the grant application forms it is stated under Annex 5, paragraph: 3.2. Planned expenditures until end of 2010, that ..."substantial investment related expenditures can occur from month 1 of the project until the end of 2010." Does this mean: the EC-funding has to be spent until 2010 completely or how much of it has to be spent - what means "substantial" in percentage?**

**The "substantial" percentage has to be incurred by end 2010, it depends on the maturity of the project and concerns the phases during which design, construction or operation take place and capital costs for that are incurred (orders –contracts - invoices). Contracts and orders should be placed for the purchase of material, for civil engineering works as well as for realisation of the technical studies necessary to implement the actions. Spending of EC funding (i.e. actual payments) could be done during and within the entire lifetime of the grant agreement.**

Question 16

**As understood, only innovative projects are fundable. Let us assume that whole investment project is much bigger, but only a part of it comprises innovative processes. Is it correct, that only the innovative part is the project description, and for this the beneficiary can ask 50 % funding? Meaning only the innovative processes are described in the work packages etc, the overall project is described in the general concept and status quo.**

**In accordance with the Article 15 of the Draft Regulation, "EEPR assistance shall not exceed 50% of the eligible costs". These eligible costs should relate in priority to the innovative part of the action as according to Article 14.2 (e) of the Draft EEPR Regulation, one of the award criteria for the assessment of proposals is "the innovative features of the project".**

**Project description should present briefly, as an introduction, the overall project (concept, status quo) but all the work packages should be focused on the specific action that includes the required innovation as per Annex 3 to the Call for Proposals ("Specificities on OWE projects").**

Question 17

**Grant Application part 4.1 -- Is the form under 4.1 already considered as commitment letter or is a separate letter in addition needed?**

**Are the sponsors from 4.1 the same as for 2.1 -- the guarantees granted for third parties? Or are the sponsors from 4.1 only related to the project proposal and the guarantees from 2.1 are only related to the beneficiaries' financial viability?**

**Grant application part 4.1 can be considered as a commitment letter provided that each external sponsor provides such a document duly completed and signed by an authorised representative of the sponsor.**

**Grant application part 2.1 refers to the financial viability of the applicant and of any third parties involved in the implementation of the action. The guarantees to be provided by third parties under 2.1 serve as a factor demonstrating the financial viability of the applicant. External sponsors represent a source of financing for the project. [Refer to Question 16 for the respective definitions]**

#### Question 18

**The innovation part of a project comprises, among others, the serial production of systems and their serial assembly. The project envisages the production of a certain number of such assemblies. Is it possible to have the project lifetime for all the assemblies or -- as only innovation projects are to be financed -- do we have to consider only the relevant number to demonstrate the efficient manufacturing process and faster installation process?**

**All the innovative systems and related manufacturing processes which will be demonstrated during the specific action lifetime can be considered as eligible for the EEPR assistance.**

#### Question 19

**At the front of the Grant Application Form it states: "REFERENCE NUMBER OF THE CALL FOR PROPOSALS: .....", which number should be used here?**

**It does not appear immediately obvious from the material. Is it developed by the applicant?**

**No reference number for the call is given. Therefore, the OJ publication reference number: 2009/C 114/05 should be used.**

**This reference can be completed with the mention of the relevant number of the sub-topic (see Annex 3 to the Call of proposals): i.e. "OWE 1.1.", "OWE 1.2.", "OWE 2.1.", "OWE 2.2." or "OWE 2.3."**

#### Question 20

**How many copies of the proposal shall be submitted to the EU Commission?**

**One complete set of all the documents requested is to be submitted. (ref. "Grant Application Form" in the Call for Proposals).**

#### Question 21

**In the declaration by the applicant we have to mention a grant amount. In the case of projects under section 2.1 of the Annex, Part B of the EEPR, do we have to mention exactly 50 million€?**

**According to Article 11.2.1.1 of the Call for Proposals, proposals shall be eligible for EEPR assistance only if they implement the projects listed in Part B of the Annex of the EEPR Regulation, do not exceed the maximum amount of EEPR assistance laid down there and fulfil the selection and award criteria under the specific sub-programme of the EEPR Regulation. In section 2.1., a total amount of 200 M€ is to be allocated evenly to the four projects clearly identified. Each of those projects therefore is entitled to a maximum of 50 M€ grant contribution.**

Question 22 (UPDATED)

**In the context of the EEPR financing, what are the guidelines for the eligibility of costs incurred in third countries or costs incurred by non-EU entities inside the EU territory?**

**Costs incurred in third countries may not be considered eligible for Community financing under the EEPR Regulation.**

**Costs incurred by non-EU entities inside the EU territory may be considered eligible, where the proposed action:**

- **clearly serves the specific objective of security of energy supply**
- **is indispensable for the implementation of the project, notably where only the non-EU entity possess the technical know-how and the relevant technology**
- **the Member State or Member States in which the project is located explicitly agree - in the case of gas and electricity infrastructures (Article 7 of the draft EEPR Regulation)**
- **the Member State or Member States are in a position to ensure the technical monitoring and financial control of the project - in the case of gas and electricity infrastructures (Article 11 of the draft EEPR Regulation)**

**These conditions are cumulative.**

Question 23

**Are there guidelines for EEPR financing of projects crossing sea straits or located in open seas?**

**An action to implement a project or part of a project listed in Annex A of the draft EEPR Regulation that involves crossing sea straits or, more generally, maritime zones within and beyond the territorial waters of an EC Member State is eligible for EEPR financial assistance, where the action:**

- **implements a project or part of a project lying in the territorial waters of an EC Member State concerned (i.e. not in the territorial waters of a third country);**

- **implements a project or part of a project lying in the Exclusive Economic Zone (EEZ) or on the Continental shelf of an EC Member State (i.e. not in the EEZ or on the Continental shelf of a third country);**
- **implements a project or part of a project lying in the high seas that is the continuation of gas or electricity infrastructures between two or more EC Member States, destined to connect these Member States (gas and electricity infrastructures are defined in article 2 of the draft EEP Regulation, e.g. gas pipelines or submarine electricity lines);**

#### Question 24

**To clarify: It is possible to submit a proposal with only one beneficiary (a type of association with support of their associated partners)?**

**According to Article 11.2.1.2 of the Call for proposals, proposals could be submitted by: "1. One or several undertakings, acting jointly." Point 3 of the same article further requires that "2. The corresponding projects shall be led by a commercial undertaking." As regards associates please see the answer to question 25.**

#### Question 25

**What is the difference between a third party and an external sponsor (Annex 3)?**

**In the context of the grant application form third parties could be associates of the applicant to become involved in carrying out the action jointly with the applicant. Such associate third parties are bound to carry out the action on the same terms as the applicant. Involvement of those third parties is based on signed cooperation (consortium) agreements with the applicant. Reasons for their involvement have to be clearly explained in the application form.**

**In the context of an already signed agreement, third parties would be any parties involved in the implementation of the action other than the signatories (parties) of the grant agreement.**

**External sponsors represent another source of external financing of the action different from the Community financing and self-financing. External sponsors normally are not involved in the implementation of the action.**

#### Question 26

**If for the full implementation of the project additional partners are involved, but they have no role in the innovative project application, are those partners third party participant?**

**Please see the answer to question 25 in the part related to third parties.**

#### Question 27

**Annex 3 of the grant application form requires the following documents to be attached to the application:**

- **Applicant's annual accounts (or annual budget in the case of a public - sector body) for the last 2 year(s) for which the accounts have been closed, including any annexes or other official documents commenting on and supplementing the financial data in the annual account.**
- **External audit report by an approved auditor certifying the accounts for the last 2 year(s) for which they have been closed and giving an assessment of the applicant's financial viability for the period during which the action or work programme will be carried out.**

**Questions:**

- **Can the attachment of annual accounts be substituted by other documentation evidencing the applicant's financial viability, in case accounting for the last 2 years cannot be accomplished prior to the application deadline? By which documentation or evidence can the submission of annual accounts be replaced? Can the annual accounts be handed in later?**
- **Can the requirement of a submission of an external audit report by an approved auditor be replaced in cases in which companies are not required to obtain such reports under national legislation? With what kind of documentation or evidence can the submission of an audit report be replaced?"**
- **The financial viability will be examined on the basis of the financial data relevant to the applicant(s)/(beneficiary(ies) of the grant. The purpose of this information is to show that the applicant has stable and sufficient sources of funding to continue operating throughout the period during which the action is being carried out or the year for which the grant is awarded and to participate in its funding. The requested supporting documents to verify the financial viability of the applicants are those mentioned in the Annex 3 of the grant application form - the annual accounts (or annual budget in the case of a public sector body) for the last 2 years, for which the applicants had their annual accounts closed. In case the applicants did not have annual accounts closed for 2 years then they should submit their most recent accounts (the balance sheet and profit and loss account), the revenue and expenditure account and other annexes supplementing the financial information provided by the annual accounts as well as an explanation of the reason why they are not able to provide the annual accounts closed for the last two years. Whatever additional supporting documents are presented, those have to be capable of providing the most up to date, reliable and honest picture of applicants' financial viability. Parent company accounts, if any, could be provided in so far as the applicant considers them a factor demonstrating its financial viability. In this case, a commitment letter from the parent company needs to be provided.**
- **Referring to Article 173 (4) of the Financial Regulation an audit report produced by an approved external auditor is compulsory where the application concerns a grant for an action, for which the amount exceeds Euro 500 000.**

Question 28

**In your grant application (and other documents) you refer to 'expenditure' as follows:**

*"Give a clear signal that substantial investment related expenditures can occur from month 1 of the project until the end of 2010. Give a detailed list of all planned investment related expenditures for this period. This should specify clearly the expected amounts as well as the month these expenditures will occur."*

**Does that mean that a beneficiary has effectively paid a service or delivery or is it enough that there is a contractual obligation (a part has been ordered, falls under eligible costs but only has to be paid January 2011 or mid 2011)?**

**[Please refer to answer to Question 15.](#)**

Question 29

**Section 6.2 of the CALL FOR PROPOSAL states: "Only costs incurred after the signature by both parties of the grant agreement or the notification of the individual commission decision will be eligible. Following a specific request from the applicant(s), costs incurred no earlier than the submission of the grant application, may exceptionally be considered eligible if duly justified in the proposal and accepted by the Evaluation committee." So any investments in 2009 that have been made prior to the 15<sup>th</sup> of July will not receive funding? Is this also the case for investments that are essential for the running of the park (such as: site permission, transformer station etc.)**

**[For costs to be considered eligible, they should be incurred after the signature of the grant agreement and only by exception, if duly justified, before that, however, not earlier than the date of submission of the grant application. Costs are considered incurred on the date when they have been committed with the legal obligation to pay. From this point of view, investments in 2009 that have been committed and the obligation to pay existed before the signature of the grant agreement \(exceptionally, before the submission of the grant application\), even if actually paid during the duration of the action, are therefore not eligible.](#)**

Question 30

**Is it correct that the total project description in Annex 5 (i.e. Section 1.1 and 1.2) of the grant application should not be longer than 20-30 pages? Is there a general page limit to Annex 5?**

**[Please refer to answer to Question 10.](#)**

Question 31

**In section 2 of the grant application the applicant is asked to give proof of his financial viability. In case the applicant is a project company (and only was founded in 2008), do you request the financial viability of every single shareholder of that project company? Please refer to the answer to question 27.**

**Shareholders' accounts could be provided in so far as the applicant considers them a factor demonstrating its financial viability. In this case, a commitment letter from the shareholders needs to be provided.**

**In cases where no accounting reporting documents are available the applicant has to justify their absence and submit other relevant documents such as the statutory constitution including opening Balance sheets.**

#### Question 32

**In section 2.4 of the grant application you ask for the estimated total cost of the action or work programme. Do these costs also include non eligible costs?**

**The estimated total cost of the action includes the non eligible ones.**

**A detailed budget breakdown for the eligible costs has to be presented (ref. Annex 2A/2B under section 3. Budget summary of the grant application form).**

**EEPR assistance shall not exceed 50% of these eligible costs (ref. Article 15 of the Draft EEPR Regulation).**

#### Question 33

**In section 4 of the grant application you request an overview of external finance. Should the applicant also state banks that show interest in financing the project but who have not committed any specific amount so far?**

**Section 4.1 refers in priority to organizations which have committed themselves to provide funding for the action. Section 4.2 concerns other funds requested, being applied for or awaiting confirmation.**

#### Question 34

**In section 2.4 of the grant application: Should we state the percentage of:**

- a) The eligible costs in comparison to the total costs
- b) The grant requested in comparison to the eligible costs
- c) The grant requested in comparison to the total costs
- d) The grant requested in comparison to only the cost for which we ask for sponsorship (as eligible costs may vary from those for which we ask for sponsorship) ?

**Please refer to answer to Question 32.**

**As EEPR assistance shall not exceed 50% of the eligible costs (ref. Article 15 of the Draft Regulation), the percentage of grant requested should be stated**

as a percentage of (in comparison to) the total eligible costs.

Question 35

Is it correct that eligible costs are not necessarily equal to the costs for which a grant is requested (e.g. Although we regard financial costs as being eligible, we do not ask for these positions to receive a grant)? In other words: are only costs for which a grant is request eligible or can other costs be eligible too?

Eligible costs are those defined in Article II.14 of the grant agreement model. A grant is requested for a specified amount, which represents a percentage of eligible costs. This percentage can not exceed 50% of the eligible costs (ref. Article 15 of the Draft Regulation).

Question 36

In section 14 of the Call for Proposals, an Estimated Timetable is attached. Please confirm that the 'Estimated date for contract negotiations - September/October 2009' which is mentioned as one of these milestones, pertains to the Grant Agreement, and that this Grant Agreement is not required submitted on 15 July with the application.

The text in the Estimated Timetable referring to an estimated date for contract negotiations (section 14 of the Call) is pertinent to the Grant Agreement that eventually will be signed as a result of the evaluation and negotiation phases.

Question 37

Definition of associate third party: Annex 1 of the Grant Application form contains a form entitled "2.3.2 Other third parties involved in carrying out the action for which a grant is being requested." This form refers to "Associate third parties". Also in the budget summary tables this term "Associate third parties" is used. Could you please refer us to a definition or explanation on these "Associate third parties"?

Please refer to the answer to the Question 25.

Question 38

Pre-financing and interim payments: the "Model Grant Agreement" does not specify the maximum percentage of the total granted EC contribution that could be foreseen as a prepayment from the EU to the Beneficiary at the start of the contract. Does this mean that the prepayment percentage will be defined in common agreement as a function of the financial characteristics of the project? As an example: in a project where a substantial fraction of the eligible cost would be situated in the first months of the project, e.g. 10 MEUR expenditures on a total project eligible cost of 20MEUR are done in the first quarter/semester, would the commission accept a prepayment of more than 50% of the total EC contribution granted?

The percentage of pre-financing will be agreed during the negotiation phase and before the signature of the Grant Agreement. The pace of payments will be determined by the financial risks involved, the duration and progress of the action or the costs incurred by the beneficiary (ref. Article 117 of the Financial Regulation).

Question 39

**Is there a guide for applicants?**

**Guidelines for applicants as a separate document are not available. All the information relevant to the implementation modalities of the current call could be found in the text of the Call for Proposals and in the Grant Application Form and its annexes.**

Question 40

**We are preparing submission under the Offshore Wind category of the EEPR Financial Assistance Programme and we seek clarification on the eligibility of our project description.**

**Are windfarm and/or grid development (geotech, survey, permitting, engineering etc) costs regarded as allowable or eligible costs for this programme?**

**As concerns applications under Topic 1 of Annex 3 of the Call for proposals ("Grid integration of offshore wind energy") the costs relating to the specificities described in the Annex 3 to the Call for Proposals may be considered eligible for Community financing under the EEPR Regulation.**

Question 41

**In our project we have three project partners = applicants. We also expect to have an external project coordinator (consultant) to handle the communication towards the EC. However we do not find it appropriate that the grant would be paid to this consultant, but prefer to use that one of the applicants' bank accounts. Would this be in line with rules?**

**As regards the bank account, to which payments shall be made, please note the text of Article I.7.1 "All payments shall be made to the co-ordinator's bank account or sub-account denominated in euro,..." The bank account referred to in the article above is the account of the applicant that is to be provided with the application form (section 1.2 of the application form). The coordinator has a very important role in the implementation of the project and in the management of the received grant and is deemed to be one of the beneficiaries of the grant but not an external consultant.**

Question 42

**Do "expected direct revenues" solely mean building cost subsidies or similar direct revenues during the investment phase?**

**Direct revenues correspond to income – direct consequence from the action or work programme. In this respect, building cost subsidies and subsidies in general can not be considered as direct revenues.**

Question 43

**Sec. 11.2.3.2 (c) of the Call for Proposals requires:**

**"The extent to which the project improves or increases the scale of installations and infrastructures that are already under construction, or are in the planning phase. The applicants need to describe the technical and economic impact of the proposal specificities subject to funding (see Annex 3 of the application form for OWE in Annex 3 of this call for proposals) on the up-scaling and/or the upgrading of the project."**

[Annex 3:

**[“2.1. BORKUM WEST II – BARD 1 – NORDSEE OST – GLOBAL TECH I**

The projects should install large scale offshore power plants including the new generation of multi-MW size turbines and innovative structures for sites far from shore in deep waters.

The contribution will support in priority the installation and operation of innovative large scale wind energy systems including multi-MW-size wind energy converters, tower and foundation, electrical conversion systems, extensive operation and maintenance concepts, high-performance access systems as well as, the logistics, the management of the wind power plants and their grid integration.”]

**Question:** Does the Commission intend to promote by the grant an upgrade of already planned/permitted installations and infrastructures? While the criterion in Sec. 11.2.3.2 (c) focuses on the improvement or increase of installations and infrastructures – Annex 3 refers to the scale and location of the project as such. Please clarify the meaning of this criterion. What kind of documentation/evidence must be submitted to illustrate compliance of the project with this award criterion?

**In accordance with § 11.2.1.1 of the Call for Proposals, OWE applications are eligible for EEPR assistance only if they implement the projects listed in Part B of the Annex to the Draft Regulation.**

**For each project listed in the section 2.1, the actions considered for Community financing under the EEPR Regulation concern both installations planned and permitted (or in consent procedure) and wind farms already under construction and for which techniques or concepts used in first phase can be upgraded and/or systems up-scaled. The applicants need to show how the use of innovative components/systems, techniques or concepts (out of the list presented under each subtopic) will either improve the characteristics and performances of the wind farm (or of a part of it) or contribute to optimize operations like the installation, connection, maintenance of the power plant. The expected added value should be described on the basis of a comparative analysis with the state-of-the-art of the relevant technology that the applicants need to present in the application. This analysis is the supporting documentation to be provided.**

Question 44

**Sec. 11.2.3.2 (f) of the Call for Proposals requires: "The impact of the proposal and its contribution to the Community's offshore wind grid system, including its replication potential.**

**The applicants need to explain in detail the contribution of the proposal to large scale penetration of wind farms into electricity networks."**

**Question:** Please clarify the meaning of this criterion. What exactly is meant by "contribution of the proposal to large scale penetration of wind farms into electricity networks" and "replication potential"? What kind of documentation/evidence must be submitted to illustrate compliance of the project with this criterion?

A paragraph of the description of work should describe the contribution of the project in terms of wind electricity generated to the national targets and to the 40 GW-objectives of offshore wind presented by the European wind energy industry for 2020. In the proposal, the applicants will explain how the novel technologies or concepts to be demonstrated in the context of the project could open routes for a future extension of the project or for a replication in other European areas with similar conditions which could benefit to a pan European offshore network and the European electricity market.

#### Question 45

The grant application form concentrates on the financial evidence and information to be submitted for the purposes of the *application* for the grant. In case of a successful application: What kinds of financial information and evidence must be submitted relating to the *use* of the granted funds for project realisation? When must such documentation be provided by the applicant?

The progress of the work programme and the adequacy of the expenses with the technical tasks actually performed will be presented in the technical implementation reports, which, together with the financial statement of the eligible costs actually incurred have to be submitted for assessment to the Commission on a period basis to be defined in the grant agreement. It is essential and contractually required that you keep all supporting documents such as invoices, contracts and proof of payment in order to support the costs you have declared to the Commission. These documents will also be requested in the case you are audited by the Commission or by the European Court of Auditors. You may also be asked for details of certain expenditure when the cost statements are analysed for payment or at a later stage.

#### Question 46

Please confirm that if a company that applies for the subsidy has not been involved in commercial activity yet and therefore little to prove its financial capacity, that then the financial viability can be demonstrated via a letter of commitment and the annual reports of the mother company.

In the application, such a company has to justify the absence of accounting reporting documents. Except for the letter of commitment and the annual reports of the mother company, the applicant has to submit other relevant documents such as the statutory constitution including starting balance sheets. Whatever additional supporting documents are presented, those have to be capable of providing the most up to date, reliable and honest picture of applicants' financial viability. Please note, however, that the formal submission of the statutory constitution and opening financial statements alone does not automatically entail that the applicant's financial viability is sufficiently demonstrated. Financial capacity of applicants will be verified in particular on the basis of the analysis of all the supporting documents submitted (ref. Article 176 of the Implementing rules of the Financial Regulation).

..... In such a case would the mother company have to be a third party in the application?

If a mother company is to be a third party or not depends on the chosen role for the mother company in the implementation of the action.

**- In the context of the grant application form third parties could be associates of the applicant to become involved in carrying out the action jointly with the applicant. Such associate third parties are bound to carry out the action on the same terms as the applicant. If this is the role of the mother company, then it will be regarded as a third party and the information about it should appear under section 2.3.2 of the application form.**

**- If the mother company is not to be involved in carrying out the action but will simply demonstrate the financial viability of the applicant, then it will not be regarded as a third party and the information about it should appear under section 2. Financial viability of the applicant, "Any other factors demonstrating the financial viability of the applicant".**

**- If the mother company is to participate on independent terms in the financing of the action, then the information about it should be given as for an external sponsor under section 4 of the grant application form.**

#### Question 47

**What kind of information do you expect for the Financing plan (3.3) of the application? Do you expect a detailed business plan or a more simple planning of the project financing?**

**A simplified planning of the project financing is sufficient in the project description. Nevertheless the supply of the detailed business plan as an annex to the project description is highly recommended.**

#### Question 48

**a) The special purpose vehicle (SPV) set up to implement the project has two mother companies. There are currently no activities or earnings in the SPV. Is it okay to describe the financial capacity and provide the annual reports of the two mother companies?**

**Please refer to the answers to Questions 27, 31 and 47, first part. Additional documentation on financial capacity of the mother company(ies) is highly recommended.**

**b) The SPV has no own funds. The own contribution of the project will therefore be financed jointly by the two mother companies. Should the two mother companies be listed as third parties in the application?**

**Please see the answer to Question 47, second part.**

**c) Is it necessary/advisable to provide some kind of document/letter of support stating the commitment of the mothers to finance the own contribution to the project?**

**Yes these documents are needed.**

**d) In the application form (annex 3, financial documents) "an assessment of the applicant's financial viability for the period during which the action or work**

programme will be carried out” is requested. What kind of document do you expect here? This is not part of an usual annual report. Do we have to get such a document prepared and approved by an auditor specifically for the application?

The external audit report referred to in annex 3 "Financial documents", should 1) certify the accounts for the last 2 year(s) for which they have been closed and 2) give an assessment of the applicant's financial viability for the period during which the action or work programme will be carried out. The assessment under 2) above will have to be provided separately if the relevant information for that is not to be found in the audit report.

Question 49

a) Please confirm that costs of purchase will be fully eligible (not on depreciation basis).

By way of derogation to the general conditions, the purchase cost of equipment is eligible provided that it satisfies the criteria set out in the General Conditions regarding direct costs, is actually incurred during the lifetime of the action and entered in the accounting records of the beneficiary in accordance with the tax and accounting rules applicable to the beneficiary.

Only the portion of the equipment's purchase cost that is actually paid by the beneficiary within the duration of the action will be taken into account and considered as eligible cost by the Commission provided that the equipment is of actual use for the purposes of the action.

b) If an applicant wants to calculate the eligible costs on depreciation basis, would that be possible? If yes, which formula would have to be used?

Please refer to the answer under a) above.

c) In the application template you ask for the following documents: *External audit report by an approved auditor certifying the accounts for the last 2 year(s) for which they have been closed and giving an assessment of the applicant's financial viability for the period during which the action or work programme will be carried out.* Will the certified annual reports of the last two years be sufficient? Or do we need to provide an extra certified report that assesses the financial viability for the years to come? If that is the case, what type of document do you expect?

Please refer to the answer to Question 48, d).

Question 50

Regarding eligible cost (see clause 6.2 of the Call for proposal)

a) The applicants will during the phase from the submission of the Grant Application until signing of the Grant Agreement, commit substantial resources to the project. The Applicants consider these expenses as eligible under the EERP program due to the fact

**that this early start is necessary to be able to fulfil the maturity requirements and tight time schedule under the EERP.**

**Such early expenses (prior to signing of Grant Agreement) may exceptionally be considered eligible upon specific request by the Applicants and after obtaining accept from the Evaluation Committee.**

**Can such "specific request" be raised in the Grant Application?**

**Yes.**

**b) Are there any particular requirements (eg. documentation or other) for the justification?**

**The applicants need to explain why and how these expenses can contribute to an early start of the action, why and how they are necessary for the action to fulfil the maturity requirements and tight time schedule under the EERP. Documentation justifying the above should be submitted.**

#### Question 51

**Does the reference number on the cover page of the application exist?**

**Will the reference number be known/available before dead line July 15th 2009?**

**No reference number for the call is given. Therefore, the OJ publication reference number: 2009/C 114/05 should be used. This reference can be completed with the mention of the relevant number of the subtopic (see Annex 3 to the Call of proposals): i.e. "OWE 1.1.", "OWE 1.2.", "OWE 2.1.", "OWE 2.2." or "OWE 2.3."**

#### Question 52

**Involvement of 3rd parties (see clause 2.3 of the Grant Application)**

**The Applicants will have a substantial part of the actions carried out by subcontractors. The distinction between "3rd parties" in the Grant Application clause 2.3 and the subcontractors as mentioned in the Grant Application, Annex 1, clause 2.3.1 and 2.3.2 is unclear. Please provide a description of this distinction.**

**Please see the answers to Questions 13 and 25.**

#### Question 53

**Let us assume that there are three beneficiaries. Should the declaration of the applicant (point 5) include the divided grant amount for each beneficiary or the total grant amount for all three beneficiaries?**

**The declaration in section 5 of the application form is for the full value of the grant requested by the applicant that has submitted a proposal. In case the proposal is submitted by a consortium, each beneficiary has to sign the declaration by the applicant form.(i.e. the same declaration) (Ref. footnote 7, grant application form).**

Question 54

**Should the bank details (1.2) be provided by the coordinator of the project (external) or could the details be sent in by one of the beneficiaries - or all of them?**

**The bank details are to be provided by the applicant in the application form (ref. section 1.2 application form). However, please note that according to Article I.7.1 of the model grant agreement "All payments shall be made to the co-ordinator's bank account or sub-account denominated in Euro... ". The coordinator has a very important role in the implementation of the project and in the management of the received grant and is deemed to be one of the beneficiaries of the grant but not an external consultant.**

Question 55

**Could you please describe what is expected for the milestones for the Environmental permits for the project?**

**Applicants have to provide evidence that all necessary permits, including the environmental ones required at national level, are already obtained or will be obtained shortly to allow for all planned expenditure in 2010. In that latest case, a list of all pending permits and the stepwise procedure how to obtain them need to be provided. An outline of the timing for application and permit granting has to be presented. In those cases where the permitting process is not yet known, a reasonable assumption needs to be made.**

Question 56

**Costs before end of 2010: Are these costs committed costs by each of the beneficiaries or should they be actual costs already paid for by the beneficiaries?**

**Please see the answer to Question 15.**

Question 57

**According to Article 15 of the Draft Regulation, "EPR assistance shall not exceed 50% of the eligible costs".**

**Does this threshold apply to every single subpart of the detailed budget table or is it applied on the total sum of the eligible costs submitted. In other words does this maximum of 50% apply to any individual part of the work program or can some parts**

**of the action be financed at a lower percentage while others are financed for instance at 100%, whilst respecting the limit of 50% on the overall eligible cost budget?**

**The percentage is applied to the total sum of the eligible costs. However, if the costs are divided in categories (for instance personnel, travelling, overheads) budget limitations per category based on the budget breakdown will be applied.**

Question 58

**Please advise what exchange rates are to be used when converting non-Euro currencies and prices to Euros.**

**By way of derogation from Article II.16.1, paragraph 1, of the General Conditions of the model grant agreement, any conversion of actual costs into Euro shall be made by the Beneficiary at the monthly accounting rate established by the Commission and published on its website applicable for the month following the end of the reporting period.**