

## 2017 CEF Transport Blending Call

### FREQUENTLY ASKED QUESTIONS – Innovation and new technologies

Last update – 5 April 2018

(new or updated questions in blue)

**1. Which innovation objectives can be addressed by proposals under the "Innovation and new technologies" priority? Would proposals have higher chances of being selected for funding if they address a particular objective?**

The specific objectives relating to innovation and new technologies that can be addressed under the CEF Transport calls are listed in the work programme as corresponding to points a) to d) of Article 33 of the TEN-T Guidelines.

All submitted proposals addressing these objectives have equal chances of being selected for funding.

Please refer to section 3.2.1 of the work programme for more details.

**2. The "Motorways of the Sea" (MoS) priority also addresses innovation. How can we determine if an innovative project, focusing on alternative fuel for ships, is better suited under the MoS priority or the "Innovation and new technologies" priority?**

It is the responsibility of the applicant to assess which priority is better addressed by the nature of the proposal.

In general, proposals submitted under the "Innovation and new technologies" priority have innovation as a primary feature or integrate innovation on transport infrastructure for the long distance as a necessary element.

In case innovation is a secondary feature or the proposal focuses on the use of a given innovation in a particular context, the proposal may be more relevant under other priorities.

In the case of a proposal related to the use of an alternative fuel in the context of the MoS and where the primary element is the logistics chain, then this proposal may be more relevant under the MoS priority.

**3. Can you clarify under which priority, either under "Innovation and new technologies" or under "Nodes of the Core Network", a proposal concerning alternative fuel solution in a Core Network node may be submitted?**

It is the responsibility of the applicant to assess which priority is better addressed by the nature of the proposal.

In general, proposals submitted under the "Innovation and new technologies" priority have innovation as a primary feature and integrate innovation on transport infrastructure for the long distance as a necessary element.

In case innovation is a secondary feature or the proposal focuses on the use of a given innovation in a particular context of another priority of the call, the proposal may be more relevant under one of these other priorities.

In the case of a proposal related to the use of an alternative fuel in the context of a node and where the primary element is to ensure a smooth last mile connection and to streamline the interface between the TEN-T network and the local transport network within a Core Network node, then this proposal may be more relevant under the "Nodes of the Core Network" priority.

However, if the primary element of the proposal is the establishment of an innovative alternative fuel solution on the Core Network and the context of the particular node is of secondary significance, the proposal may be more relevant under the "Innovation and new technologies" priority.

**4. Does the priority "Innovation and new technologies" address telematics applications beyond ERTMS, such as other telematics applications for railways?**

The improvement and deployment of telematics applications for all modes of transport, including railways, coming to support decarbonisation of transport may be supported under the priority "Innovation and new technologies". However, as stated in the section 3.2.1 of the multi-annual work programme, telematics shall be only a secondary element within the transport solution, with a view for example to enable roaming functionality, interoperability, multimodality and compatible ticketing systems.

Specifically for railways, proposals addressing Telematics Applications for Passengers (TAP) and Telematics Applications for Freight (TAF) may be supported under the priority "Rail interoperability".

Proposals addressing ERTMS may be submitted under the priorities "ERTMS" or "Combined railways/ERTMS".

**5. Could a proposal addressing new transport modes be submitted under the "Innovation and new technologies" priority?**

Yes. The priority "Innovation and new technologies" covers all modes of transport. Proposals addressing new transport modes will be evaluated and scored on the basis of the priorities and criteria described in the work programme and call text. Research activities per se are however not funded under the CEF programme as stated in the General FAQ 3.9.

**6. Concerning mobile equipment for LNG vessels, are the costs for project management and propulsion equipment eligible?**

Project management costs relating to mobile equipment, if any, are eligible under the condition that they are included in the activity relating to "project management" which covers all components of the Action.

**7. Could proposals located on the Core Network but not on the Core Network Corridors be funded under the "Innovation and new technologies" priority?**

As indicated in section 3.2.1 of the multi-annual work programme, proposals addressing the new technologies and innovative solutions to be deployed on the Core Network are eligible. Particular emphasis will nevertheless be given during the evaluation process to proposals located along the Core Network Corridors in accordance with the Work Programme.

**8. Are the costs related to the retrofitting and the adaptation of a barge for LNG supply for other vessels, includes engineering costs, engine, fuelling tanks, LNG transfer system, supporting equipment eligible in a works proposal submitted under this call?**

In line with section 3.2.1 of the work programme, costs for "mobile infrastructure" are eligible in this call.,

**9. Can costs such as the rent or purchase of land be considered eligible, if they are directly linked to the implementation of an Action whose activities satisfy the eligibility criteria?**

Costs relating to acquisition of land and buildings are ineligible for grant funding under this call.

Renting costs of land may be eligible for the whole duration of the Grant Agreement, provided they are necessary for the implementation of the Action and do not constitute indirect costs.

**10. For mobile equipment under the "deployment of innovation and new technology actions" priority, can the grant component cover 100% of the financial difference between a conventional solution and the use of a new technology?**

No, for mobile equipment under this priority, the difference between the cost of a conventional solution and the cost of using a new technology is to be considered as the eligible cost for such equipment of which only up to 20% can be co-funded.

**11. Can a port situated on the TEN-T comprehensive network apply under the priority "Innovation and new technologies"?**

In accordance with the section 3.2.1. of the work programme, "New technologies and innovative solutions shall be deployed on the core network with particular emphasis along the core network corridors, including the integration of its urban nodes.". Therefore, proposals for works on the Comprehensive Network (outside the Core Network) will not be eligible.

**12. Would it be possible to include more than one item of mobile equipment under the priority "Innovation and new technologies"?**

Yes. The work programme does not set any limitation in the number of items of mobile equipment. In line with the section 3.2.1 of the work programme, the applicants should always describe in detail which infrastructure will be used to support the roll-out of the mobile equipment, regardless whether support for the infrastructure is requested, or not.

**13. Are hybrid (diesel/electric) vehicles eligible for funding under the priority "Innovation and new technologies" of the Blending call?**

No, hybrid (diesel/electric) vehicles are not considered as innovative under the blending call.

**14. Could a proposal submitted under the priority "Innovation and new technologies", which covers all modes of transport, include pipelines?**

No, projects related to pipelines are not eligible under the innovation priority.

**15. In case of projects for alternative fuels plants that will require properly trained personnel to be operated, are the costs associated to innovative training considered eligible under this call? Would costs associated to both training delivery and related equipment (e.g.: simulators, hardware, software, etc.) be considered eligible? Which would be the co-financing rate for this kind of "transversal activity"?**

The construction of an alternative fuel production plant goes beyond the scope of the CEF Transport calls. The CEF Transport work programme does not foresee financing of the production of the energy. However, in case funding for a small production unit is necessary and duly justified for the implementation of a broader roll-out project it may be considered by the evaluation. The related costs have to be indicated specifically in a separate activity and the justification for such a facility, which can only serve the needs for transport, has to be clearly detailed.

Regarding the training of staff necessary for the operation of such plant, those can be considered eligible if the plant is considered eligible. The cost for the related equipment for those trainings can be eligible if proportional to the project and strictly necessary for its implementation. The co-funding rate is 20%.

**16. Under the Innovation and new technologies priority it is stated that bunkering ships serving units using alternative fuels are eligible as mobile infrastructure. For a brand new bunkering ship aimed exclusively at transporting and bunkering LNG (thus neither a retrofitted, nor a multi-purpose ship), the innovative feature is related to the unit as a whole (as it is for ISO-containers) and not to single parts (as on the contrary is for ships with dual-fuel engines). Would the entire cost for an LNG bunkering ship to be built be considered as eligible?**

No. The entire cost of the ship cannot be considered eligible. Only the innovative parts, introducing new technologies (typically the engine propelled by alternative fuel), of such a bunkering ship is eligible under the innovation priority. However, the entire ship may benefit from support from financial instruments.

**17. On 30 November, the Commission announced its proposal to allocate the entire EUR 1 billion to proposals submitted by the first cut-of-date. What are the funding possibilities for the second cut-off date of April 2018?**

Even if the initially foreseen EUR 1 billion budget is fully allocated among proposals submitted by the first deadline, the call remains open for all priorities until the second deadline on 12 April 2018. For proposals to be submitted under the "Innovation and new technologies" priority, an additional budget of EUR 350 million is available (see corrigendum n° 2 to the call text).

For proposals to be submitted under the other priorities, the Commission may use the flexibility allowed by Article 4 of the Multi-Annual Work Programme (as amended). This Article allows the Commission to increase the maximum contribution authorised by the Multi-Annual Work Programme up to 20% for each budget line, as long as such changes do not significantly affect the nature and objectives of the Work Programme and as long as they are adopted in accordance with the principles of sound financial management and proportionality.

On 12 December 2017, the CEF Committee recommended to limit the use of the flexibility to a maximum of 10%.

**18. The Work Programme indicates: "This part of the call is only open to actions (works) located on the Core Network as specified in the maps of the TEN-T Guidelines. Based on the business case a relatively small deviation from the Core Network shall be eligible. This should be justified location by location." Could you please specify what could be considered a justified relatively small deviation?**

Such deviations are indeed possible under the Work Programme, but they should not affect the objectives of the "Innovation and new technologies" priority, i.e. the proposal should still support the deployment of a sustainable and efficient transport system and promote the decarbonisation of transport on the Core Network. Such deviations will need to be assessed on a case to case basis

A road distance from the location to the Core Network inferior to 10 km can be considered a relatively small deviation. A greater deviation needs to be thoroughly justified within the application with regard to specific needs

of the fuel type and business case. For example, this could be the case for hydrogen or LNG refuelling stations if their location is determined by the location of an alternative fuel production facility.

**19. Do we need to specify the exact location of all fuelling stations in our application?**

As a rule, the application should specify the location of the Action to allow its assessment against the eligibility and award criteria. If the exact location of the fuelling stations or of part of them is still to be determined or to be confirmed, it is sufficient to indicate the sections of the Core Network where they will be located. It is however noted that accurate information on the exact location of the fuelling stations, in relation with obtained or requested permitting or land-use rights, is useful information to assess the maturity of a proposal, as well as its relevance (as regards its location on the Core Network).

**20. Are the exact locations of all fuelling stations to be determined in the grant agreement?**

The grant agreement will specify the location of the project in general, both for activities falling within the scope of the Action (Annex I, Art. I.2 of the model grant agreement) and those falling outside, for which the project promoter is seeking finance other than by the CEF grant (Annex I, Art. I.6.1 of the model grant agreement).

If the exact location of the fuelling stations or of part of them is still to be determined by the time of signing the grant agreement, the grant agreement (Action description in Art. I.4 of Annex I) will specify the conditions required for such stations to be supported by the CEF grant (but not for those not supported by the grant).

**21. Is it necessary or advantageous to participate to a "flagship initiative" in order to apply to the CEF Blending Call?**

No. Participation in a flagship initiative launched by the European Commission is not a condition to apply in the CEF Blending Call and does not affect the assessment of any application submitted in the CEF Blending Call.

**22. It was mentioned that only the difference of costs between conventional and innovative solutions (e.g. diesel vs LNG) is eligible in case of both (1) mobile equipment as well as (2) mobile infrastructure. Is there a ceiling for these costs? If yes, what is the maximum amount considered as eligible, e.g. in case of LNG-fuelled trucks? How should we determine the difference of costs between conventional and innovative solutions?**

There is no pre-defined ceiling applied to the eligible cost of mobile equipment of mobile infrastructure as such, As it is mentioned in the articles 3.2.1.III and 3.2.1.V of the Work Programme, only the difference of cost between a conventional and an innovative solution is taken into account to calculate the costs of the innovative part.

The difference of costs should be determined on the basis of market prices and appropriate justification should be provided in the application.

**23. Is there a limit for the eligible costs of small & big LNG fuelling stations?**

No. There is no specific limit of eligible costs for this type of infrastructure. Note that, according to the call text, for proposals submitted under the priority "Innovation and new technologies", the total eligible costs of the Action shall be in excess of EUR 5 million.

**24. Under the "innovation and new technologies priority" it is possible to provide financial support to third parties. Can the beneficiary providing such a support be a private company or a consortia including public entities but led by a private company?**

The Point 2.6 of the application form D foresees indeed the possibility to provide support to third parties. However this is only relating to the setting up of Grant Schemes as mentioned in the Work Programme Article 3.2.1.V (page 21) which specifies that Grant Schemes can be implemented by "public operators only, or by consortia led by public operator(s)".

**25. Could you further clarify the role of the local authority in grant schemes actions?**

Grant schemes are available to public authorities at national, regional or local (municipality) level to support their

strategies to implement priorities such as the deployment of alternative fuel infrastructure.

Public authorities managing a grant scheme have the role of delivering CEF funds in cascade to third parties (final beneficiaries) on a given territory in accordance with the rules set by the blending call.

Note that as the projects that would receive funding under the grant scheme may not yet be identified at the moment of the application for the grant scheme under the blending call, the public authority applying for the grant scheme will have to describe in its application in precise terms the conditions under which the financial support will be provided to third parties under the Grant Scheme (including award and selection criteria). Furthermore, this public authority should describe the organisational set-up and financial structure (equity, grant, loan etc) of the overall project seeking finance including the grant scheme

**26. Considering that actions submitted under the priority “Innovation and new technologies” may entail financial support to third parties (as stated in the Call) and assuming the respect of the additional requirements pursuant to Article 137 of the Financial Regulation regarding actions entailing financial support to third parties, should financial support to third parties constitute a new and different activity?**

If the Action entails financial support to third parties this must be presented as a separate activity.

**27. When filling the “Indicative breakdown of estimated eligible costs by activity” section of Application Form Part A 3.2, if an activity is carried out by an applicant and is related to financial support to third parties, should the eligible costs related to the financial support be included in the estimated total eligible cost?**

In the case of financial support to third parties, the costs foreseen to be incurred by these third parties could be included in the application as eligible costs of the applicant (application form part A3.2). This should be complemented by information provided elsewhere in the application form (in particular, question 2.6 in application form part D) explaining how the financial support to third parties fulfils the requirements pursuant to Article 137 of the Financial Regulation.

**28. Are costs incurred by third parties under a grant scheme eligible for CEF funding? In this case, should the loan amount be raised of the same amount, given that for actions submitted under the priority “Innovation and new technologies” the signature of a finance agreement for at least the value of the CEF grant awarded is needed?**

Yes. In the case of financial support to third parties, the costs foreseen to be incurred by these third parties can be considered as eligible costs of the Action.

The CEF grant amount resulting from the totality of eligible costs of the Action has to be matched by at least the same amount of financing from external sources, a financial instrument such as a loan

**29. A proposal covers developments or functionalities related to Air Traffic Management (ATM) and aims to improve the efficiency and impact of operations. Could it be funded under the Innovation and New Technologies priority?**

It is the responsibility of the applicant to assess which priority is better addressed by the nature of the proposal.

In general, proposals submitted under the "Innovation and new technologies" priority have innovation as a primary feature. In case of ATM this could refer, for instance, to proposals focusing on the use of air traffic management data, in view of contributing to the specific objectives described in the article 3.2.1 a) to d) of the Work Programme,

In case the proposal does not focus in one of specific objectives described in the article 3.2.1 a) to d) of the Work Programme the proposal may be more relevant under the SESAR priority.

**30. For priority Innovation and New technologies: concerning mobile equipment, should the operation of the vehicles be monitored (e.g. Kilometres, fuel consumption,...) in order to be eligible ?**

No, the operation of the vehicles does not have to be monitored in order for the costs of mobile equipment to be eligible. Note that for mobile equipment the operational cost such as fuels, maintenance, insurance etc. is not considered as eligible costs.

**31. Directive 2014/94/EC defines LPG as an alternative fuel. CEF already supported LPG projects in past call. Is LPG is an eligible technology under the current call?**

Applications need to comply with the requirements of the call which does not make a direct reference to Directive 2014/94/E, but focuses on the decarbonisation of transport and the deployment of alternative fuels infrastructure. LPG is considered as an alternative fuel and is therefore eligible in principle. Note that applicants should provide robust arguments demonstrating that their project is in line with the European Strategy for low carbon mobility as mentioned in the Work programme, article 3.2.1 (p.19) and promotes the decarbonisation of transport.

**32. We have several questions related to Heavy Duty Vehicles (HDV)**

**a) Under the innovation and new technologies priority, is the support to HDV eligible?**

Yes, in principle (see below).

**b) If yes we understand that this would be considered as mobile equipment and only the financial difference between a conventional solution and the use of a new technology is eligible. In this regard can this financial difference be part of a leasing scheme where the leasing fee / rental fee proposed by a beneficiary would be offered on a proportional discounted rate related to the grant amount?**

Under the innovation and new technologies priority the cost of mobile equipment, such as Heavy Duty Vehicles is eligible under the conditions that i) only the financial difference between a conventional solution and the use of a new technology is considered eligible and that ii) the co-funding of mobile equipment is only eligible in conjunction with the deployment of relevant infrastructure and cannot be the subject of a stand-alone proposal.

The grant, that would cover the above mentioned financial difference, can support a leasing scheme provided that the calculation of the leasing plan is based on a robust and detailed justification of all costs and revenues (such as the residual value of the vehicle).

**c) Is a lease including both the rent of the HDV and the access to the dedicated charging infrastructure eligible?**

The costs relating to the HDV could be eligible but the costs related to potential additional services (e.g. the access to re-charging infrastructure) would not be eligible. As explained before, a detailed justification of all costs and revenues must be clearly displayed in the application.

**d) Would another option where the beneficiary is selling the mobile equipment to customers at a proportional discounted price related to the grant amount be eligible?**

Selling mobile equipment to customers, even at a proportional discounted price related to the grant amount, during the lifespan of the Action is only possible in the form of financial support to third parties, which is only possible under this call for public entities or consortia led by a public entity in the form of a grant scheme.

**33. Our proposal (to be submitted under the priority Innovation and new technologies) foresees support to third parties under Article 137 of the Financial Regulation, i.e. support to final users of mobile equipment (in particular electric vehicles) selected by the applicant through processes which will be strictly defined in the grant agreement in order to avoid any discretion on the part of the beneficiary. Can such final users be considered third parties and receive a grant in cascade under Article 137 of the Financial Regulation?**

This is admissible as long as the scheme complies with the conditions of the call text. In particular, the support scheme must be the primary objective of the proposed Action. Also, the application should specify (i) the maximum amount to be granted to each third party, (ii) the criteria for determining the amount of the financial support, (iii) the category(ies) of entities that may receive financial support, (iv) the award procedure to be used, (v) information on how compliance with the principles of transparency and equal treatment and the provisions of Article 9 of the CEF Regulation will be ensured. The grant schemes can be implemented by "public operators only, or by consortia led by public operator(s)", as explained in FAQ 24.

If the proposal is retained for funding, the grant agreement will need to contain the elements specified in Article II.11.1 of the Model Grant Agreement and in Article 137 of the Financial Regulation.

