

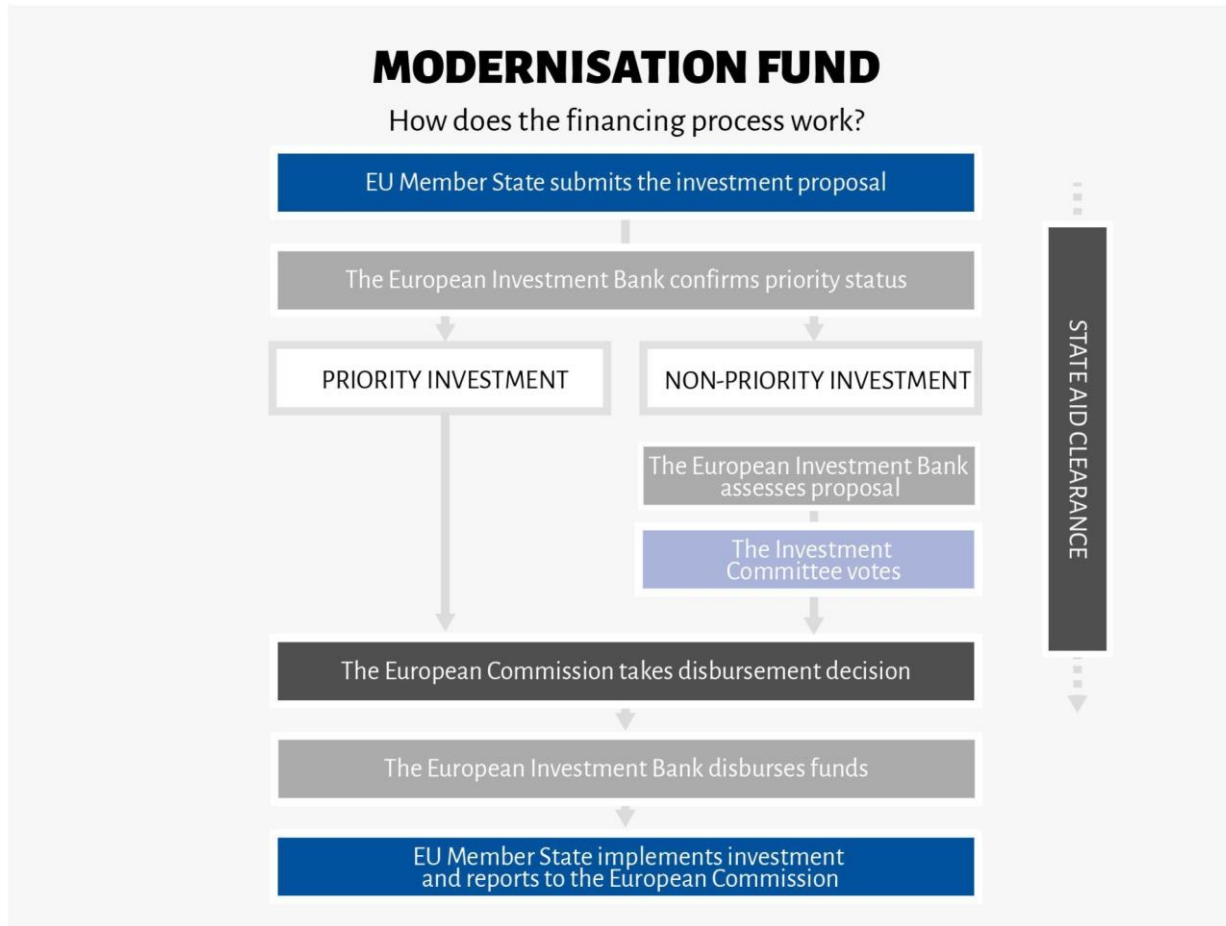
Modernisation Fund

EIB roles

Outline

- ▶ General approval process
- ▶ Advice on Investment Proposals
- ▶ Eligibility Criteria
- ▶ Assessment of Proposals
- ▶ Secretariat for the Investment Committee
- ▶ Transparency requirements
- ▶ Other tasks - Auctioning of allowances, management of revenues and disbursements to Member States

Overview of financing process



EIB Role - Advice on Investment Proposals

1. Confirming whether an investment is a priority or a non-priority investment.
2. Conducting due diligence of non-priority investments.
3. Verifying the proportionality of the costs of the proposed investment (unless the project costs have been verified by the Commission under the relevant State aid procedure).

Overall objective: To ensure consistency of the investments with the aims of the ETS Directive, as well as with the objectives of the Union's 2030 climate and energy policy framework and of Paris Agreement.

All generated appraisal documents in public domain.

Eligibility Criteria - Priority Projects

Modernisation of energy networks:

1. Smart electricity grids.
2. Upgrading electricity grids for e-mobility/deployment of charging stations.
3. Electricity grids enabling renewable energy investments/ enhancing flexibility of electricity systems.
4. Energy efficiency in district heating and cooling networks, and smartening and increasing share of renewable energy.
5. Gas infrastructure projects to inject low carbon/renewable gases in existing gas network and reduce methane emissions.
6. Investments in transportation and storage of CO₂.

Eligibility Criteria - Priority Projects

Energy efficiency, renewables, energy storage,
just transition

1. Eligibility of RE electricity generation projects based on RE Energy Directive 2018/2001/EU.
2. EE in transport, buildings, agriculture.
3. Energy storage.
4. EE in waste management - eligibility based on the Waste Framework Directive R1 formula.
5. EE affecting heat and power generation complying with the EE Directive requirements.
6. Just transition in carbon-dependent regions: redeployment, re-skilling and upskilling of workers, education, job-seeking initiatives and start-ups.

Eligibility of Non-Priority Projects

Any other than priority investment in line with the objectives of the Modernisation Fund

- ▶ technical and financial viability,
- ▶ CO₂ savings,
- ▶ any investment relating to district heating must achieve a substantial improvement in energy efficiency and emission reductions,
- ▶ solid fossil fuels not eligible (except efficient and sustainable district heating generation in BG and RO, subject to the fulfillment of the ETS Directive conditions).

Investment overview

An overview of investments planned for the next two calendar years to be provided to the EIB and the Modernisation Fund Investment Committee by 30 November (a template to be provided by EIB).

1. The name of the project proponent or the scheme managing authority.
2. The specific location of the investment or the geographical scope of the scheme.
3. An estimate of the total cost of the investment.
4. The investment field and a summary description of the investment, including the information whether the investment falls under the priority or non-priority area.
5. The links to national plans, strategies.
6. The status of any State aid assessment and the relevant state aid scheme concerning the investment, where applicable.
7. An estimate of the financing from the Modernisation Fund, the timeline of planned support from MF, other intended sources of financing.

Assessment of proposals - 1

A template for the submission of investment proposals by Beneficiary Member States to be provided by EIB.

The investment proposals may be submitted at any time during a calendar year.

Completeness check by EIB.

Requests for additional information or documents possible after completeness check or later, during the assessment.

Assessment of proposals - 2

If the requested additional information or documents are submitted

- less than six weeks before the meeting of the Investment Committee, in case of priority investments,

and

- less than ten weeks before the meeting of the Investment Committee, in case of non-priority investments,

the EIB may postpone the assessment or due diligence, as relevant, to the next biannual disbursement cycle*.

Following the approval of a priority or a non-priority investment scheme and the first disbursement, the subsequent disbursements are subject of the assessment limited only to verification of the available funds.

**also if a site visit (in case it is required) is delayed for reasons beyond EIB*

Assessment of proposals - 3

Confirmation of priority projects:

- does the investment fall into one of eligible fields as listed in the ETS Directive?
- does the Beneficiary Member State have sufficient funds available?
- compliance with State aid clarified?
- has the beneficiary Member State confirmed in writing that the investment complies with applicable requirements of Union and national law?
- costs verification.

Assessment of proposals - 4

Due diligence on non-priority projects may include, among other subjects:

- project scope, location, implementation timetable, investment costs,
- capacity, production, market, supply and demand considerations,
- technical aspects, GHG emission reduction, efficiency gains,
- overall financial and economic feasibility,
- application of environment and procurement-related EU directives,
- compliance with State aid clarified?
- does the Beneficiary Member State have sufficient funds available?
- is the share of the funds allocated to priority investments at least 70% of the total amount of funds used by the beneficiary Member State?

Secretariat for the Investment Committee

IC: Main role

- ▶ Issuing recommendations on the financing for non-priority investments
- ▶ Providing an annual report of its activities

Secretariat tasks to be provided by EIB - General provisions

- ▶ Two meetings a year, on the basis of a yearly operational calendar + possibility of written procedures
- ▶ Declaration of Interests
- ▶ EIB responsible for the organisation & preparation of the IC decision-making process under the responsibility of the Chairperson (Agenda, distribution of documents, check for completeness of information, Q&A process, etc...)
- ▶ Drafting of the minutes and prepare draft annual reports of the IC
- ▶ Disclosure of IC recommendations

Transparency requirements

Dedicated Modernisation Fund website will be established and maintained by EIB:

- ▶ names of the IC members and observers
- ▶ curricula vitae and the declarations of interest of the IC members
- ▶ confirmations of the EIB concerning priority investments
- ▶ IC recommendations concerning non-priority investments
- ▶ disbursement decisions of the Commission
- ▶ annual reports submitted by the beneficiary Member States
- ▶ annual reports submitted by the Investment Committee
- ▶ Commission's review and evaluation of the Modernisation Fund
- ▶ any other relevant information

Other tasks

Other tasks to be performed by EIB:

- ▶ Auctioning allowances and receiving the proceeds from the auctioning (monetization role)
- ▶ Managing the revenues resulting from the auctioning in an accordance with a defined investment strategy (asset management role)
- ▶ Keeping record of available funds for each Member State
- ▶ Disbursing funds to Member States on the basis of disbursement decisions by the EC