

ANNEX

PART I

ANNEX VI

CEF Transport Blending Facility under the Multi-Annual Work Programme 2014-2020

1. INTRODUCTION

The multiannual work programme establishes the basis for the allocation of the Union financial support to Projects of Common Interest in the field of CEF - transport sector.

On the basis of the objectives set out in Regulation (EU) No 1316/2013 of the European Parliament and of the Council (**CEF Regulation**), this amendment to the multiannual work programme contains the Actions to be financed with CEF investment grants and the budget breakdown for the years 2019 and 2020 for contributions to the CEF Transport Blending Facility.

Following an *ex-ante* assessment on the use of financial instruments under the Connecting Europe Facility conducted in 2014, a CEF Debt Instrument was established with funding contributions from the transport, energy and telecoms sectors to the European Investment Bank under the 2014 and 2016 annual work programmes adopted respectively on 18 December 2014 and 4 July 2016.

An assessment on the potential use of the Blending Facility for transport under the CEF, including on appropriate co-funding rates to support deployment of alternative fuels technologies, was conducted in 2018 and 2019 and constitutes an addendum to the more general 2014 *ex-ante* assessment mentioned above.

This assessment concluded that, given the current market failures in the financing of certain transport infrastructure sub-sectors and in view of recent developments, in particular the organisation of a CEF “Blending Call 2017”, a Blending Facility for transport should be established under CEF with a primary focus on the specific sectors European Rail Traffic Management Systems (ERTMS) and deployment of Alternative Fuels.

In line with Article 2(6) of the Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018, the CEF Transport Blending Facility is a cooperation framework established between the Commission and development or other public finance institutions with a view of combining non-repayable forms of support, namely CEF grant and, whenever appropriate, financial from the CEF Debt Instruments, with any repayable forms of support from development or other public finance institutions, as well as from private-sector finance institutions and private-sector investors.

1.1. Definitions

In the framework of this work programme:

"Action" means any activity, which has been identified as financially and technically independent, has a set time-frame and is necessary for the implementation of a Project of Common Interest and which is eligible to be supported by Blending Operation in the form of a CEF grant. In the framework of this work programme Action shall concern only Works.

"Applicant" means a Member State, an international organisation, or a public or private undertaking or body who has submitted an application, supported by an Implementing Partner, for grants under the CEF Transport Blending Facility.

"Blending Operation" means a non-repayable form of support from the EU budget, and / or financial instruments from the EU budget, that is combined with repayable forms of support, including financing from Implementing Partners, and/or development or other public finance institutions, as well as from private-sector finance institutions and private-sector investors, within the CEF Transport Blending Facility, whereby, for avoidance of doubt, an "Operation" as defined in the Delegation Agreement shall constitute a Blending Operation.

"Delegation Agreement" means the delegation agreement between the European Union and the EIB signed on 22 July 2015 in respect of the Financial Instruments under the Connecting Europe Facility which takes into account the provisions laid down in Part III of Annex I of the CEF Regulation, as amended from time to time.

"CEF Transport Blending Facility" means a cooperation framework established between the European Commission (Commission) and Implementing Partners to support Blending Operations.

"Implementing Partner" means the European Investment Bank (EIB) and any other entity, such as national promotional banks, entrusted by the Commission with implementation of Union funds in accordance with Article 62(1)(c) of Regulation (EU Euratom) No 2018/1046 (the Financial Regulation).

"Project of Common Interest" as identified in Regulation (EU) No 1315/2013 of the European Parliament and of the Council¹.

"Works" as defined in Article 2 (5) of the Regulation (EU) No 1316/2013 means the purchase, supply and deployment of components, systems and services including software, the carrying-out of development and construction and installation activities relating to a project, the acceptance of installations and the launching of a project.

1.2. Legal basis

Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010, and in particular Article 16(a), 17(1) and (3) and Article 7(2)(a), 7(2)(b) and 7(2)(g) thereof, as

¹ Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU (OJ L 348, 20.12.2013, p. 1).

amended by Regulation (EU, Euratom) No 2018/1046² of the European Parliament and of the Council, including a new Article 16(a) on Blending Facilities, and as supplemented by the Commission Delegated Regulation (EU) No 2016/1649³ – Annex, Point 2.4, concerning the CEF financial instruments.

1.3. Budget lines

Budget available under budget lines 06 02 01 01 and 06 02 01 02 with an additional transfer of EUR 72 647 033 from the budget line 06 02 01 05 – Creating an environment more conducive to private investments for transport infrastructure projects.

The distribution of the budget in the initial proportions and amounts is set out below:

- EUR 99 000 000 of the resources outlined in section 2.1 and 2.4 to 06020101 - Removing bottlenecks, enhancing rail interoperability, bridging missing links and improving cross-border sections; and
- EUR 99 000 000 of the resources outlined in section 2.2 to 06020102 - Ensuring sustainable and efficient transport in the long run.

1.4. Objectives pursued

This amendment to the multiannual work programme has the following general objectives:

- to enhance rail interoperability, deploy a sustainable and efficient transport system thereby promoting the decarbonisation and reduction of emissions of air pollutants of all transport modes along the Core and the Comprehensive Network referred in Regulation (EU) No 1315/2013 (the **TEN-T Regulation**), including the core nodes- listed in its Annex II;
- to increase, through blending, the participation of private sector investment in trans-European transport infrastructure financing; and
- to contribute to overcoming deficiencies of the European debt capital markets by offering risk-sharing for debt financing in the transport sector.

To support such objectives, the multiannual work programme provides for a contribution to the CEF Transport Blending Facility with a view to promote substantial participation of private-sector investors and financial institutions in infrastructure investment on:

- (1) **deployment of ERTMS** in accordance with Article 13(a) of the TEN-T Regulation and;

² Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.07.2018, p.24)

³ Regulation (EU) No 2016/1649 of 8 July 2016 supplementing Regulation (EU) No 1316/2013 of the European Parliament and of the Council establishing the Connecting Europe facility (OJ L 247, 15.9.2016, p.3).

- (2) **deployment of Alternative Fuels** as defined in Article 2(1) of Directive (EU) No 2014/94 of the European Parliament and of the Council, and in accordance with Article 33 of the TEN-T Regulation.

These policy priorities fall within the following funding priorities under the CEF Regulation:

- Funding priorities for the objective of removing bottlenecks, enhancing rail interoperability, bridging missing links and, in particular, improving cross-border sections;
- Funding priorities for the objective of ensuring sustainable and efficient transport systems in the long run, with a view to preparing for expected future transport flows, as well as enabling all modes of transport to be decarbonised through transition to innovative low-carbon and energy-efficient transport technologies, while optimising safety.

1.5. Expected results

The implementation of the multiannual work programme aims at contributing to the realisation of the Trans-European transport network (TEN-T) thereby further enhancing the effectiveness and sustainable mobility of the TEN-T, while promoting growth and job creation, in line with the Europe 2020 strategy.

It is expected that the granting of support on the basis of Blending Operations as defined by this programme will contribute:

- to promoting substantial participation of private-sector investors and financial institutions in infrastructure investment contributing to the timely completion of the TEN-T network and;
- to the timely and efficient completion of a number of TEN-T projects in their entirety or in significant parts, to supporting the realisation of a robust and resource efficient European transport system, and to addressing climate change.

The Actions which will be completed with financial support allocated under the CEF Transport Blending Facility will contribute directly to the achievement of important transport policy objectives, such as: a better interoperability of the railways networks, facilitating the functioning of the internal market; and savings in terms of the environmental effects of transport, in particular contributing to addressing climate change.

2. CONTRIBUTION TO THE CEF TRANSPORT BLENDING FACILITY

The additional amount in the field of the Connecting Europe Facility – Transport sector to be allocated in 2014-2020 to the grant component of the CEF Transport Blending Facility shall be EUR 198 000 000,.

The indicative breakdown of annual instalments of the Union financial support reserved for the CEF Transport Blending Facility in years 2019 and 2020 is EUR 33 700 0000 and EUR 164 300 000.

In accordance with Article 16a(7) of the CEF Regulation, the Union, Member States and other investors may contribute to the CEF Transport Blending Facility, provided that the Commission agrees to the specifications of the eligibility criteria of Blending Operations and/or the investment strategy of the CEF Transport Blending Facility, which may be necessary due to the additional contribution and in order to meet the requirements of the TEN-T when carrying out Projects of Common Interest.

The work programme defines the means of implementation of the Union financial support.

2.1. CEF Transport Blending Facility - Priority 1 for the deployment of ERTMS

2.1.1.1. Eligibility requirements

Conditions and criteria on eligible applicants and Actions under the CEF Transport Blending Facility are set out in Appendix A (General eligibility) and Appendix B (Specific eligibility).

2.1.1.2. Form of Union contributions

Union financial support with regard to the grants element under the CEF Transport Blending Facility shall take the form of unit contributions derived from unit costs, as defined in Article 125.1(c) of the Financial Regulation.

Unit contributions are determined by the Decision authorising the use of unit contribution to support ERTMS deployment under the Connecting Europe Facility (CEF) - transport sector, dated 20 February 2019.

2.1.1.3. Disbursement conditions

The essential condition triggering the payment shall be based on the outputs, namely the number of units equipped. The unit is:

- for on-board: an ERTMS Baseline 3 equipped vehicle;
- for track-side: equivalent of one double track km (including ETCS and/or GSM-R and/or interlockings deployed).

The deliverables, notably demonstrating the TSI-compliance of the subsystem which will be the basis for assessment of a technical completion of the output, are defined in the Decision dated 20 February 2019 authorising the use of unit contributions to support ERTMS deployment under the Connecting Europe Facility (CEF) - Transport sector.

2.2. CEF Transport Blending Facility - Priority 2 for the deployment of Alternative Fuels

2.2.1.1. Eligibility requirements

Conditions and criteria on eligible applicants and Actions under the CEF Transport Blending Facility are set out in Appendix A (General eligibility) and Appendix B (Specific eligibility).

2.2.1.2. Form of Union contributions

Union financial support shall take the form of reimbursement of eligible costs actually incurred in line with the co-funding rates outlined below, as provided in Article 125(1)(b) of the Financial Regulation.

2.2.1.3. Eligible costs and rates of co-funding

Union financial support is set as a percentage of the eligible costs actually incurred as provided in the following table and subject to the conditions set out below:

Co-funding rates of the Action

Type of Alternative Fuel technology	Infrastructure	Mobile assets		
		Trucks and buses	Vessels	Railway vehicles
CNG	10%	10%	/	/
LNG	10%	10%	15%	/
Electricity	15%	20%	20%	/
Hydrogen	20%	20%	20%	20%

- As regards the mobile assets, the co-funding rate will apply to the eligible costs understood as the difference between the costs of a conventional solution and the costs of the innovative technology solution.
- As regards support to LNG trucks, the grant amount shall not exceed EUR 3000 per vehicle.
- For the deployment of dedicated electric charging infrastructure for the use of battery-electric buses in public transport, the co-funding rate is set at 20% of the eligible costs.
- For the deployment of LNG vessels in inland navigation, the co-funding rate is set at 20% of the eligible costs.

2.3. Common provisions

2.3.1. Implementation

The CEF Transport Blending Facility addresses market failures or sub-optimal investment situations, and provides additionality in accordance with Article 209 of the Financial Regulation.

The CEF Transport Blending Facility shall be implemented in accordance with Article 159 of the Financial Regulation and Article 16a of the CEF Regulation.

Pursuant to Art 159(1) of the Financial Regulation, Blending Operations will be managed by the Commission in direct management or by persons or entities implementing Union funds pursuant to point (c) of the first subparagraph of Article 62(1) of the Financial Regulation. The Activities to be performed by the Implementing Partner are described in section 2.3.2.1 and 2.3.2.2.

The Action is implemented under direct management, under Titles V and VIII of the Financial Regulation, and the financial instrument element is implemented under Title X of the Financial Regulation.

Detailed terms and conditions for implementing the CEF Transport Blending Facility, will be laid down in administrative agreements between the Commission and each Implementing Partner.

The administrative agreements will take into account the specific internal policies of the Implementing Partner, including, but not limited to, those related to confidentiality.

2.3.2. Entities participating in the CEF Transport Blending Facility

2.3.2.1. Activities performed by Implementing Partners

Each Implementing Partner will perform, *inter-alia*, the following activities:

- Initially screen the potential Blending Operation(s) and establish a Project Pipeline as defined and set out in section 2.3.3.1.
- Conduct an appraisal process as set out in section 2.3.3.2.
- Support to the application process as set out in section 2.3.3.3.
- Provide to the Commission relevant information, as specified in section 2.3.6.

In performing these activities, without prejudice to the provisions of the administrative agreements and to this work programme, the Implementing Partner shall apply its own rules, policies and procedures as amended, modified or supplemented from time to time.

When involved in financing, the Implementing Partner shall, without undue delay, notify the Commission in writing of the discontinuation or cancellation of its financing under the CEF Transport Blending Facility under which the Commission has entered into a Blending Operation and to the extent possible, the reasons for such cancellation.

2.3.2.2. Additional activities performed by the EIB

The Union's contribution to the CEF Debt Instrument is managed through indirect management by the EIB, as a risk-sharing partner, on behalf of the Union. The selection of the EIB as an entrusted entity has been made taking into account the Article 21(2) CEF Regulation and the requirements of Article 154 of the Financial Regulation.

Detailed terms and conditions on the management and implementation of the CEF Debt Instrument, including its monitoring and control, are laid down in the delegation agreement between the European Union and the EIB signed on 22 July 2015 in respect of the Financial

Instruments under the Connecting Europe Facility (the **Delegation Agreement**) which takes into account the provisions laid down in Part III of Annex I of the CEF Regulation.

The governance processes set in the Delegation Agreement shall apply to Blending Operations in the form of “Operations” under the CEF Debt Instrument, while for Blending Operations taking the form of a CEF grant, the provisions of the present work programme will apply.

In accordance with the provision of CEF art. 16a(6), the Commission will, in cooperation with the European Investment Bank (EIB), study the possibility for the EIB to systematically provide first loss guarantees within CEF Transport Blending Facility in order to allow and facilitate additionality and the participation of private co-investors in the transport sector.

Hence, the Delegation Agreement will be complemented with a financial administrative agreement and if required, ancillary documents, setting out the provisions related to the implementation of the CEF Transport Blending Facility.

2.3.2.3. Activities managed by the Commission in direct management

The Commission on its own, or when applicable via the Innovation and Networks Executive Agency (INEA), will implement the following activities:

- Publish the work programme and the call for proposals for the CEF Transport Blending Facility.
- Review the Project Pipeline as defined below and proposed by the Implementing Partners and give guidance on the interpretation of the eligibility and prioritization criteria, as set out in section 2.3.3.1
- Regularly inform the CEF Committee, as set out in section 2.3.3.1 and 2.3.5.1.
- Check the eligibility of the grant application and the financial and operational capacity of the Applicant, as set out in section 2.3.4
- Evaluate the Application File in view of awarding Union contributions in the form of grants with the award criteria, as set out in section 2.3.4
- Adopt the selection decision for Actions receiving EU contribution, in line with Article 18(1) of the CEF Regulation as set out in section 2.3.5.1.
- Prepare and sign grant agreements as set out in section 2.3.5.2.
- Monitor the implementation of the Action as set out in section 2.3.5.

2.3.3. Initial screening and appraisal process and application

2.3.3.1. Initial screening by the Implementing Partners and provision of information to the CEF Committee by the Commission

In relation to each potential Blending Operation, an Implementing Partner shall perform an initial screening of the core elements of the project to be potentially supported by a Blending Operation. It shall assess the compatibility with the eligibility criteria set out in Appendices A and B and the prioritization criteria set out in Appendix C.

On the basis of the results of the initial screening, the Implementing Partner shall elaborate a list of potential projects that may request support from Blending Operations in the form of grants and submit it to the Commission on a quarterly basis (the **Project Pipeline**).

The Implementing Partner shall seek guidance from the Commission when establishing and updating its Project Pipeline.

The Commission shall regularly inform the CEF Committee on Project Pipeline, on the basis of the information provided by each Implementing Partner in line with the respective administrative agreement and in line with the Implementing Partner's rules, policies and procedures, in particular in terms of confidentiality.

2.3.3.2. Appraisal by Implementing Partners

Each Implementing Partner shall undertake an appraisal for the purpose of providing financing to the project potentially supported by a Blending Operation it has put forward to be included in the Project Pipeline. This appraisal includes an assessment of the operational and financial capacity of the Applicant for the purposes of its own financing.

After completion of its appraisal and approval of its financing, the Implementing Partner submits to the Commission an **Application File**, which includes:

- the **Project Report** prepared and provided by the Implementing Partners and consisting of information listed in Appendix D;
- the **Grant Application** form prepared and signed by the Applicant, consisting of the information listed in Appendix E and;
- the completed **Eligibility Check List** based on an assessment of the compatibility of the Grant Application with the eligibility criteria set out in Appendices A and B.

To the extent permitted under its internal confidentiality and compliance policies, the Implementing Partner will regularly report to the Commission on pre-screened projects which have been removed from the Project Pipeline, detailing the reasons of such removal, progress with the appraisal, including on the projects which have been negatively appraised, detailing the reasons of such removal. This information will allow the Commission to identify potential needs for advisory support to Applicants or to improve its policy.

2.3.3.3. Submission of the Application

Applications can be submitted at any time on rolling basis. They will be considered for evaluation on a quarterly basis at a given cut-off date. The project must have been included in the Project Pipeline and be supported by an Implementing Partner before the Application is submitted.

2.3.4. Evaluation by the Evaluation Committee

The Commission shall evaluate the Application Files in view of awarding grant decisions for Union contribution support. The evaluation comprises the assessment of the proposal against the eligibility, selection and award criteria.

The Commission will set up an Evaluation Committee to evaluate the Application File submitted by the Implementing Partners. The Evaluation Committee will meet every quarter after the cut-off dates, to examine the submitted Application Files.

The Commission will check:

- i. the eligibility of the Action on the basis of the Eligibility Check List and
- ii. the following selection criteria: financial and operational capacity of the Applicant, taking into account the Project Report.

Taking into account the Application File, the evaluation is based on the following award criteria:

- Contribution to TEN-T policy priorities ;

In addition, the Commission shall, as appropriate, take into account the following award criteria:

- maturity based on the expected timing of the end of works;
- the budgetary constraints;
- the promotion of geographical balance and;
- the degree of participation of private sector investors in the financing of the project potentially supported by a Blending Operation.

2.3.5. Grant award decision by the Commission

2.3.5.1. Consultation of the CEF Committee

In accordance with the Article 25 of CEF Regulation, the CEF Committee will express an opinion on a proposed selection decision.

Following the positive opinion of the CEF Committee the Commission shall adopt the selection decision for Actions receiving EU contribution, including the name of rejected Applicants.

2.3.5.2. Preparation and signature of grant agreement and payments arrangements

A response, with appropriate justification, shall be provided to Applicants (with copy to the respective Implementing Partners) tentatively within 4 months from the quarterly cut-off date of application.

The rejection of an application by the Commission does not prevent an Implementing Partner from supporting the relevant project outside the CEF Transport Blending Facility or the Applicant to resubmit the proposal at a later stage.

Following the adoption of the selection decision, the Commission, through INEA, launches the preparation of the grant agreements with a view to sign them tentatively within 4 months from the time of selection decision.

Grant disbursement for selected Actions will be conditional upon evidence of reaching commitment of funding sources for the full costs of the project supported by the Blending Operation within 12 months from the date of the signature of the grant agreement.

The involvement of the same Implementing Partners in financial close is not a requirement for grant disbursement (i.e. a project may initially be supported by one Implementing Partner, but subsequently close with other Implementing Partners or other development or other public finance institutions, as well as from private-sector finance institutions and private-sector investors other than the beneficiary itself).

2.3.6. Monitoring of implementation of the Action

INEA is responsible for the technical and financial follow-up of grant agreements including carrying out necessary on-the-spot controls⁴, analysis of Action Status Reports, Interim Report and Final Reports of the Actions, amendments, suspension, reduction, cancellation or termination of grants, processing of payment claims, validation of eligible costs, and administrative support to the beneficiaries in accordance with any specifications of the call and the grant agreement.

In order to provide the Commission with an overview of the projects supported by the Blending Operations, and while respecting the confidentiality requirements of the beneficiary, the Implementing Partner, shall promptly inform the Commission on the occurrence of payments events of default, or of events related to compulsory prepayments or of events related to suspension of disbursement during the loan availability period. The Commission will treat this information as confidential.

A beneficiary who has signed a financial agreement with financial institutions or private sector investors, which are not Implementing Partners, shall inform the Commission on the progress of the projects supported by the Blending Operations and in particular share information related to the disbursement of the financing which may impact the implementation of the Action.

2.3.7. Start and end date of Action

The Action and the related costs incurred are eligible for funding as of the date of submission of the grant Application File and until 31 December 2023.

2.3.8. Indicative implementation timetable

- Second quarter of 2019: the financial administrative agreement with the EIB enters into force.
- Throughout 2019: administrative agreements with potential Implementing Partners other than the EIB, finalized and enter into force.
- Second quarter of 2019: launching of the CEF Transport Blending Facility
- From third quarter of 2019: establishing the Project Pipelines.
- From fourth quarter of 2019: Applications received for Blending Operations.

⁴ Article 183 of the Financial Regulation applies for what concerns the grant taking the form of unit contributions.

- Applications for Blending Operations shall be submitted either until the budgetary envelope is exhausted, or until March 2021, whichever happens first.

2.4. CEF Transport Blending Facility - Programme Support Action in the form of Grant

2.4.1. Programme Support Action for the CEF Transport Blending Facility

In accordance with the Commission Implementing Decision C(2018) 146⁵, support can be requested to EIB - under the coordination of the European Investment Advisory Hub (EIAH) – to receive technical assistance to enhance preparation of projects to be supported by the Blending Operations.

This technical assistance can be used notably to :

- Supporting promoters (public or private) on project preparation, including: technical/financial capacity of the applicant, the financial structuring of the project to attract private sector funds, the economic viability of the project based on the Cost Benefit Analysis (CBA), the viability of any PPP/Concession scheme and the technical aspects of the project.
- Providing budget for targeted capacity building in Member States for the private financing of transport infrastructure.

⁵ Commission Implementing Decision C(2018) 146 of the 17 January 2018 amending Implementing Decision C(2014)1921 establishing a Multi-Annual Work Programme for financial assistance in the field of Connecting Europe Facility (CEF) - Transport sector for the period 2014-2020

APPENDICES

- Appendix A: General Eligibility criteria of the Action
- Appendix B: Specific Eligibility Criteria of the Action
 - (1) Deployment of ERTMS
 - (2) Deployment of Alternative Fuels
- Appendix C: Specific criteria to prioritize potential Blending Operation supporting projects to be included in the Project Pipeline
 - (1) Deployment of ERTMS
 - (2) Deployment of Alternative Fuels
- Appendix D: Template for the information to be provided by the Implementing Partners to support the Application
- Appendix E: Template for the information to be provided by the Applicants
 - (1) Deployment of ERTMS
 - (2) Deployment of Alternative Fuels

APPENDIX A: GENERAL ELIGIBILITY CRITERIA

1. ELIGIBLE APPLICANTS

In accordance with Article 9 of the CEF Regulation, the grant related elements under the CEF Transport Blending Facility shall be eligible to receive Union financial support only if presented by:

- one or more Member States, and/or
- international organisations, joint undertakings, or public or private undertakings or bodies or entities established in Member States with the agreement of the Member States concerned, and/or
- entities which do not have legal personality under the applicable national law, with the agreement of the Member States concerned, provided that their representatives have the capacity to assume legal obligations on their behalf and offer a guarantee for the protection of the Union's financial interests equivalent to that offered by legal persons.

Applications submitted by natural persons are not eligible.

Grounds for Exclusion

In the publication of the call for proposal as per 2.3.2.3, the Commission shall draw Applicants' attention to Articles 136 and Article 137 of the Financial Regulation.

2. ELIGIBLE ACTIONS

2.1. General eligibility criteria

Only Actions which are part of a Project of Common Interest identified in the TEN-T Regulation may receive Union financial support in the form of CEF grant under the CEF Transport Blending Facility.

Actions that comply with the specific eligibility criteria referred to in Appendices A and B will be deemed to be part of a Project of Common Interest and to comply with the following:

- contribute to the objectives falling within at least two of the four categories set out in Article 4 of TEN-T Regulation;
- comply with Chapter III of TEN-T Regulation;
- demonstrate European added value.

Actions shall be economically justified as assessed by the Implementing Partners in accordance with their respective administrative agreements, including, if applicable, on the basis of the socio-economic cost-benefit analysis.

2.2. Minimum contribution

The CEF grant per Action shall be in excess of EUR 1 million.

The minimum size of the Implementing Partners financing to a project supported by the Blending Operation shall be EUR 5 million. EIB project loan size is typically at least EUR 12,5 million.

For small projects the use of intermediation and aggregation vehicles, notably EFSI Investment Platforms, referred to in Article 204 of the Financial Regulation as “Financial Support to third parties”, and the involvement of national promotional banks is recommended, where appropriate.

2.3. Location of Actions

Works relating to the deployment of infrastructure for Alternative Fuels and for the track-side deployment of ERTMS shall be located on, or within a maximum distance of 10 km from the trajectories of the TEN-T Core Network, or in nodes of the Core Network as listed in Regulation 1315/2013 Annex II.1 and II.2. By way of derogation, for a given Action up to 20% of the budget allocated to infrastructure per Action may be used for Works that are located on the Comprehensive Network.

Works relating to mobile assets concerning either the deployment of ERTMS on on-board components or deployment of alternative fuels shall be eligible provided they are used on the European transport network.

APPENDIX B: SPECIFIC ELIGIBILITY CRITERIA

1. DEPLOYMENT OF ERTMS

1.1. Compliance with relevant legislation

ERTMS Actions supported by CEF shall be:

- compliant with Commission Regulation (EU) No 2016/919 or subsequent versions, and with Directive (EC) No 2008/57 and Directive (EC) No 2004/49, or Directive (EU) No 2016/797 and Directive (EU) No 2016/798 or subsequent versions.
- Baseline 3 (B3) compliant.

Baseline 3 (B3) meaning the set of specifications #2 or #3 in table A2.2 or A2.3 of the Annex of the Commission Regulation (EU) No 2016/919.

Actions should ensure that spatial data provided to the Commission is compliant with Directive 2007/2/EC of the European Parliament and of the Council of 14 March 2007 establishing an Infrastructure for Spatial Information in the European Community.

1.2. Specific conditions for ERTMS on-board (OB) installation

Only proposals addressing the fitment, retrofit or upgrade of vehicles⁶ with B3 compliant ERTMS may be funded under this CEF Transport Blending Facility.

1.3. Specific conditions for ERTMS trackside (TS) deployment/upgrade

Only proposals addressing ERTMS TS installation compliant⁷ with B3 ERTMS or upgrade⁸ of lines to B3 compliant ERTMS version may be funded under this CEF Transport Blending Facility. Associated infrastructure works for interlockings may also be funded.

Studies, applications covering solely GSM-R component of ERTMS and/or works related to Class B system(s) are excluded from the scope of this specific objective.

2. DEPLOYMENT OF ALTERNATIVE FUELS

2.1. Compliance with relevant legislation

In view of the requirements of Directive (EU) No 94/2014 and Commission Delegated Regulation (EU) 674/2018, Actions should clearly outline how:

- They comply with Article 4 (9) and (10) of Directive (EU) No 94/2014, providing users with the possibility to recharge on an ad-hoc basis (without the need of having to enter into a contract) and ensuring that prices charged are reasonable, easily

⁶ As defined in the Decision authorising the use of unit contributions (derived from unit costs) for ERTMS deployment in CEF Transport, Ares dated XX January 2019.

⁷ See footnote 9

⁸ See footnote 9

comparable, transparent and non-discriminatory. Action should make use of the Common Methodology for Alternative Fuels Unit Price Comparison⁹.

- They ensure that the communication between the recharging point and the IT back end system is based on an appropriate open standard protocol.

Actions concerning vehicles shall outline their approach to compliance with Directive (EU) No 40/2010 on Intelligent Transport Systems and subsequent delegated and implementing acts, in particular static and dynamic data related provisions under Commission delegated Regulation (EU) No 962/2015 and delegated Commission Regulation (EU) No 1926/2017:

- Actions need to ensure that data generated by the Actions are accessible through National Access Points, or common Access Points, for users for reuse of data for providing services, following requirements of delegated Commission Regulation (EU) No 962/2015.
- Where National Access Points, or Common Access Points, are not operational yet, accessibility of static and dynamic data generated by the Action needs to be ensured by the time the National Access Point, or Common Access Points become operational.

For recharging and refuelling infrastructure for vehicles, Actions should ensure that data are in the format of Datex II (CEN/TS 16157) or upgrades of that standard and cover the following elements:

- Static data: location, GNSS coordinates, address (street name, zip code, city), list of available charge-solutions (Power, Modes), list of available connectors (plugs, sockets, induction plate, battery swapping), opening hours, identification and payment methods, contact info for owner/operator, full e-mobility code of the charging point (for electric mobility)
- Dynamic data (note: this requires charging points to be digitally connected to a central system): real-time availability (if the station is operational/ non-operational) and occupation status (free, occupied), price for ad-hoc charging energy source.

Actions should ensure that spatial data provided to the Commission is compliant with Directive 2007/2/EC of the European Parliament and of the Council of 14 March 2007 establishing an Infrastructure for Spatial Information in the European Community.

2.2. Specific conditions for infrastructure:

The deployment of refuelling and recharging points for electricity, hydrogen and compressed or liquefied natural gas supply in accordance with Articles 4, 5 and 6 of Directive 2014/94, including, when relevant, fixed and mobile storage and bunkering solutions as well as installation of refuelling and recharging points for electricity and hydrogen supply for waterborne transport, for use of:

- private operators on the conditions that the refuelling and recharging points are accessible to the public without any limitation on a 24/7 basis;
- public authorities or of operators for the discharge of public service obligations under a public service contract within the meaning of Regulation (EC) No 1370/2007.

⁹ Regulation (EU) 2018/732

For the purpose of this work programme, recharging points including one or more supply point/station, and other equipment related to the functionality of the points of supply, such as opportunity-based charging devices for buses, battery swapping facility and the storage facility, as well associated costs for the site adaptation and the connection to the grids. Costs related to land acquisition, renting/leasing of facilities, permits and indirect costs, such as staffing and administrative costs, are not eligible.

Support to recharging points that allow for a transfer of electricity to an electric vehicle with a power less than or equal to 22 kW, is excluded.

Dedicated electric charging infrastructure for the use of battery-electric buses in public transport may include charging points and opportunity-based charging devices or at bus depot, and related energy storage facility.

2.3. Specific conditions for mobile assets:

Proposals concerning the acquisition or retrofitting of heavy-duty vehicles and vessels running exclusively on alternative fuels as referred to in Articles 4, 5 and 6 of Directive 2014/94 as well as deployment of electric and hydrogen powered vessels for waterborne transport and hydrogen powered railway vehicles for use in:

- Private operator vehicle fleets on the condition that the vehicles shall remain in operation on EU territory for at least 5 years from the date they are put in operation;
- Public authorities vehicle fleets or fleets of operators for the discharge of public service obligations under a public service contract within the meaning of Regulation (EC) No 1370/2007 on the condition that the vehicles shall remain in operation on EU territory for at least 5 years from the date they are put in operation;
- Private fleets of ships and vessels, excluding cruises, on the condition that the vessels are operating under the law of a Member State of the EU and serving EU passenger and cargo destinations and/or other EU services (e.g. tugboat) predominantly for at least 5 years from the date they are put in operation;
- When deployment of vehicles is performed through retrofitting, those vehicles must be retrofitted to the standard of zero- vehicle emission (at tailpipe).
- For maritime vessels, the eligible works shall consist of the following:
 - Fitting of new built vessels with LNG / electric / hydrogen propulsion systems, including, if necessary, dual-fuel systems operating with conventional fuel as secondary element
 - Retrofitting by conversion and replacement, of conventional fuel engines, by LNG / electric / Hydrogen propulsion systems, including if necessary dual-fuel systems
 - This can cover the main propulsion system and/or auxiliary system.

Support to the acquisition or retrofitting of light duty vehicles and coaches is excluded.

Only the difference between the costs of a conventional solution and the costs of a new technology solution are eligible. The applicant will submit evidence of conventional solution costs and new technology costs.

APPENDIX C: SPECIFIC CRITERIA TO PRIORITIZE POTENTIAL BLENDING OPERATIONS SUPPORTING PROJECTS TO BE INCLUDED IN THE PROJECT PIPELINE BY THE IMPLEMENTING PARTNERS

1. GENERAL CRITERIA FOR PRIORITISATION

The Implementing Partners shall as appropriate take into account the maturity based on the expected timing of the end of works that shall in any case be no later than 31 December 2023.

As part of the consideration for entry to the Project Pipeline, priority will be given to the projects corresponding to one or more of the criteria set out below.

2. DEPLOYMENT OF ERTMS

Priority will be given to the potential Blending Operations for which the Action relating to the deployment of ERTMS:

- includes vehicles for international freight traffic; and/or
- provides coordinated deployment across Member States; and/or
- aggregates more than 1 Applicant as following:
 - for on-board actions: One or more Railway Undertakings and/or leasing companies and/or rolling stock owners;
 - for track-side actions: one or more Infrastructure Managers and/or Member States;
 - for combined on-board and track side actions gathering beneficiaries of both on-board and track-side actions.

3. THE DEPLOYMENT OF ALTERNATIVE FUELS

Priority will be given to the potential Blending Operations for which the Action relating to the deployment of Alternative Fuels:

- supports public authorities or operators for the discharge of public service obligations under a public service contract within the meaning of Regulation (EC) No 1370/2007;
- includes both the deployment of alternative fuels infrastructure and mobile assets;
- demonstrates that it addresses specific needs or filling specific gaps in the existing TEN-T core network, with a link to the relevant national policy framework as adopted under Directive (EU) No 94/2014¹⁰, or is located in TEN-T urban nodes and involves the integration of public accessible recharging or refuelling infrastructure into multi-modal hubs;
- supports the deployment of zero and low-emission (at tailpipe) in vehicles (battery-electric, fuel-cell, hydrogen, plug-in hybrid), railway vehicles (hydrogen) and/or inland waterways or maritime vessels and/or infrastructure;

¹⁰ COM(2017) 652

APPENDIX D: TEMPLATE FOR THE INFORMATION TO BE PROVIDED BY IMPLEMENTING PARTNERS TO SUPPORT THE APPLICATION

The Implementing Partner and [...] (the “Applicant”) have been engaged in discussions about the financing of [...], which is the project proposed to be supported by the provision of the CEF grant (such provision to be defined as the “Blending Operation”). It is the opinion of the Implementing Partner (based on its appraisal of the proposal for the project to be supported by the Blending Operation made for the sole purpose of its own financing) that the aforementioned project, as described in the enclosed documents, is eligible to apply for support by the Blending Operation with reference to the eligibility criteria set out in Appendices A and B of the multiannual work programme for financial assistance under the Connecting Europe Facility – Transport sector for the period 2014-2020 (the “Work Programme”) and, the specific criteria to prioritise projects in the Project Pipeline set out in Appendix C. Terms defined in the Work Programme shall have the same meanings in this letter and its attachments.

The foregoing opinion is made without any warranty or assurance as to its reasonableness, and without any legal responsibility. We understand that the final decision on eligibility will be taken by the European Commission.

- **Enclosure 1:** a) the Project Report which is an extract of the economic, technical and financial analysis undertaken by the Implementing Partner for the purpose of the approval by its own governing bodies of its own financing of the project to be supported by the Blending Operation; and b) the Eligibility Check List; and
- **Enclosure 2:** a copy the Grant Application as completed by the Applicant, which is delivered by the Implementing Partner on behalf of the Applicant. The content, completeness and accuracy of the information provided in Enclosure 2 is of the exclusive responsibility of the Applicant and has been relied upon by the Implementing Partner in its preparation of Enclosure 1. The Implementing Partner bears no responsibility or liability for the Grant Application or its contents nor for any other information or declaration provided by the Applicant in order to benefit from a non-repayable financial support under the CEF Transport Blending Facility.

In support of your evaluation, we can further confirm that on [date] the Implementing Partner’s governing bodies have approved a financing of up to EUR [] to the project to be supported by the Blending Operation. The availability of this financing is conditional, inter alia, on the signature of legal documentation in a form acceptable to the Implementing Partner, the fulfilment of any conditions set out in that documentation (which may include receipt of an investment grant or equivalent additional financing) and the absence of any event of default or other event or circumstance that would relieve the Implementing Partner from any financing obligation.

Enclosure 1:

(a) Analysis of the project by the Implementing Partner Project Report

- Summary description of the proposed project to be supported by the Blending Operation[, including [...] (the “Action”)]

- Expected uses of funds and expected sources of funds (financial plan) including the leverage and multiplier effects
- Nature of the Implementing Partner’s financing under the CEF Transport Blending Facility, and key characteristics thereof, including whether part of the financing will be backed by or other EU financial instruments or budgetary guarantees.
- Assessment of key performance and impact indicators, including related to climate mitigation and adaption, if relevant, as prepared in the Implementing Partner’s documentation for its governing bodies
- Assessment of the Applicant’s capacity to implement the project to be supported by the proposed Blending Operation
- Financial viability of the project to be supported by the proposed Blending Operation.
- Economic justification of the project to be supported by the proposed Blending Operation, including the results of the Cost Benefit Analysis (if performed).

(b) Eligibility Check List

Enclosure 2: Copy of the Grant Application Form (as completed and submitted by the Applicant in the TENtec Information System), as described in Appendix E

APPENDIX E: TEMPLATE FOR THE INFORMATION TO BE PROVIDED BY THE APPLICANTS (Enclosure 2)

A. Outline of the Grant Application Form

Information concerning the Blending Operation, including breakdown for activities related with the Action:

- Scope and objectives, including the location of the Action
- Coherence with the CEF objectives and EU policies
- Compliance with regulations
- Institutional framework of the project (e.g. permitting, EIA, etc)
- Description of the activities of the Action
- Description of the technological state-of-the-art of the proposed action, also in relation to previous EU-funded R&I projects
- Grant amount applied for, together with breakdown, justification and method for calculation
- Expected Results/Indicators
- Milestones and means of verification
- Economic justification and financial sustainability, including:
 - For projects supporting the deployment of ERTMS a summary of the Cost Effectiveness Analysis or Costs Benefit Analysis and related key performance indicators.
 - For projects supporting the deployment of Alternative Fuels a summary of the economic and financial Cost Benefit Analysis and related key performance indicators.
- Climate Mitigation and Adaption aspects
- Indicative project calendar , including start and end date for the Action
- Description of procurement procedure based on best value for money principle and if relevant, obligations in terms of transparency and publicity.
- Monitoring, reporting and evaluation
- Communication and visibility
- Identification of the Applicant, contact and signature
- Indication of coordinating Applicant (if applicable)
- Information on affiliated entities (if applicable)
- Contact details and legal status of the Applicant
- Identification of the Member State concerned, contact and signature
- Sources of financing of the potential Blending Operation, including the CEF grant requested

- Information demonstrating the operational and financial capacity of the Applicant
- Eligible costs by activity for deployment of Alternative Fuels

In addition, it is required to provide:

- A declaration of non-exclusion
- A declaration on compliance with EU law
- The confirmation that the project does not receive any other Union funding through grants, without prejudice of the Article 15(4) of the CEF Regulation.

B. Specific information to be provided as part of the Application

1. DEPLOYMENT OF ERTMS

For (parts of) proposal related to the retrofitting, upgrade or fitment of vehicles

- Identification of the vehicle(s) type(s), including its basic characteristics, supplier, serial numbers of vehicles to be retrofitted, etc.;
- Comprehensive description of the current on-board subsystem (ERTMS in case of upgrade proposals), including when applicable details of the TSI CCS, baseline, level, hardware, optional functions and a copy of the authorisation to place them into service;
- Identification of a line(s) on which vehicles operate today and/or on which they are expected to operate in the near future;

A statement committing the beneficiary to inform INEA during the implementation on the following:

- Information regarding test results (test report) in line with the applicable CCS TSI;
- EC declaration of conformity for each interoperability constituent relevant for ERTMS issued by the supplier or the supplier's authorised representative established within the Union, including the certificate of conformity from a Notified Body;
- A copy of the official EC declaration of verification of the subsystem issued by the applicant for each Control Command Signalling subsystem installed on a vehicle including the EC certificate of verification of subsystem from a Notified Body and the safety assessment report following section 3.2.1 of applicable CCS TSI; The technical compatibility details of the certificates should be provided using the template developed by the European Union Agency for Railways;
- A copy of an application for authorisation of the vehicle(s) or the authorisation itself, in case available by the time the final payment claim is due including the Clear identification of all the vehicle units according to the ERA standards and registers that will allow to trace the ERTMS installed in the applicable vehicles to the technical deliverables requested;
- Information on contractual arrangements with suppliers, e.g. offer, contract, provision(s) for future software upgrade, error(s) corrections, maintenance, etc.

For (parts of) proposals related to trackside

- Expected date when the ETCS track-side subsystem equipped section will be authorised to be placed in service;
- The characteristics of the railway line, including length, single/double track, etc.;
- Description of the ERTMS track-side subsystem to be installed including baseline (including ETCS system version), level, etc. For upgrade, also a description of the ERTMS track-side subsystem already in service, including level, baseline, hardware, optional functions, etc. should be provided;
- The geographical location of the trackside equipment as well as the proportion (based on the length and unit contribution requested) of the trackside equipment respectively on the core and comprehensive network.

A statement committing the beneficiary to inform INEA during the implementation on the following:

- Engineering rules and operational test scenarios in line with the definition set out in chapter 6 of the applicable CCS TSI;
- Information regarding tests results in line with the applicable CCS TSI, performed with on-board units provided by at least one different supplier to the one in charge of the equipment of the line. The on-board units used for tests shall be compliant with the applicable CCS TSI;
- EC declaration of conformity for each interoperability constituent relevant for ERTMS issued by the supplier or the supplier's authorised representative established within the Union, including the certificate of conformity from a notified conformity assessment body;
- a copy of the official of the EC declaration of verification of the subsystem issued by the applicant for each Control Command Signalling subsystem installed including the EC certificate of verification of subsystem from a Notified Body and the safety assessment report following section 3.2.1 of applicable CCS TSI;
- a copy of the official positive opinion of ERA according to EC Recommendation of 18 July 2018¹¹, in case this is not applicable due to the date of the project tender, the Function list and list of interoperability issues and respective evidence that ensures that the risks are mitigated. This list shall be updated during the implementation of the Action based on the milestones;
- a copy of an application for an authorisation for placing the Control Command Signalling trackside subsystem in service or the authorisation itself in case available by the time the final payment claim is due.

2. THE DEPLOYMENT OF ALTERNATIVE FUELS

The Applicants shall provide for all mobile assets a table clearly identifying the costs of the innovative solution against the conventional solution and explaining the Δ (delta) of the costs that are eligible for co-funding: e.g. $\Delta = D$ (Cost of conventional fuel mobile assets) – I (Cost

¹¹ Commission Recommendation of 18 July 2018 on guidance for the harmonised implementation of the European Rail Traffic Management System in the Union (2018/C 253/01)

of mobile assets using alternative fuels) or in the case of retrofitting $\Delta = C$ (conventional subsystem to be retrofitted – I (Cost of retrofitted subsystem using alternative fuels)...

Furthermore, a statement committing the beneficiary to inform INEA during the implementation of the grants and before payments, of the following information:

- a clear identification of the recharging or refuelling points including number of points, type, basis characteristics, suppliers concerned, ownership, duration and geography of use, including information on the location and the relation to the implementation of TEN-T Regulation;
- a clear identification of the vehicles, types, basis characteristic, suppliers concerned, ownership, intended duration of use and in case of vehicles for retrofitting a serial number
- a clear identification of the vessels, types, basis characteristic, suppliers concerned, ownership, intended duration of use, and in case of vessels for retrofitting a serial number or of other relevant information;
- information on users of vehicles and fleets, including clear information on how to ensure flexibility for user payment, including the need for ensuring the possibility of ad-hoc payment, and conditions of easy, non-discriminatory access and price transparency and comparability for users;
- information on static and dynamic data collection and reporting requirements implemented, including the mandatory accessibility of data through national or common Access Points, data formats and reporting schedules;
- information on relevant planning and authorisation procedures, and a description of risk mitigation measures to avoid delays.