

INCENTIVE GUIDELINES



Thematic:

Enterprise Support

Regulation:

Enterprise Support Incentives Regulations, 2008

Title of Incentive:

ERDF Energy Grant Scheme

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Operational Programme I – Cohesion Policy 2007-2013
Investing in Competitiveness for a Better Quality of Life
Aid Scheme part-financed by the European Union
European Regional Development Fund (ERDF)
Co-financing: EU Funds, National Funds, and Private Funds
Investing in your future



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1. Introduction

1.1 Scope

Energy efficiency in enterprise is an important element in ensuring environmental protection. It is also a key component of business sustainability. Energy efficient enterprises can redirect their savings to develop new markets, products and services.

This scheme provides grants to enterprises investing in solutions that enhance energy efficiency, specifically by supporting investments related to energy saving and renewable non-fossil energy sources.

1.2 Duration of the incentive

This incentive will remain effective until 31st December 2013 or until funds are exhausted. Malta Enterprise may review, update and amend this Incentive Guideline.

1.3 Competitive Calls

The incentive will be administered through a series of competitive calls. Malta Enterprise will issue public calls for interested enterprises to submit applications under this incentive. Applications will be reviewed and eligible applications will be evaluated and ranked. Grants will be awarded to the top ranking applicants in accordance to the available budgets.

1.4 Legal Basis

Malta Enterprise is authorised to issue and publish Guidelines in terms of Article 8(3)(a) of the Malta Enterprise Act, Chapter 463 of the Laws of Malta.

The legal basis of this incentive is the 'Enterprise Support Regulations, 2008 (L.N. 70 of 2008)'. This Legal Notice provides the parameters for the assistance provided under this incentive.

1.5 Designated Authority

This incentive is administered by Malta Enterprise.

2. Eligibility

2.1 Eligible Sectors

Enterprises embarking on a project that leads to improved energy efficiency are eligible for assistance under this incentive.

2.2 Exclusions

- a. Public entities defined as: "Ministries, Departments, Entities, Authorities, Public Commissions Public Sector Foundations and similar organisations that carry out a public or regulatory function which does not involve the carrying out of an economic activity, whether or not such organisations are established by law" are not eligible under this scheme. Nevertheless commercial undertakings carrying out exclusively an economic activity in direct competition with third parties and in which Government has a controlling interest are eligible under this scheme.
- b. Assistance under this scheme will NOT be provided to undertakings engaged in:
 - The production of products listed in Annex I to the EC Treaty except those involved in the processing and marketing of such products but only to the extent laid down in the Community Guidelines for State Aid in the agriculture sector the fisheries and aquaculture sector;
 - the coal industry;
 - the steel industry;
 - gambling and betting activities (NACE 92)
 - shipbuilding;
 - financial and insurance activities (NACE Section K);
 - the synthetic fibres sector.
- c. Assistance under the scheme cannot be granted to undertakings in difficulty.
- d. Assistance under the scheme cannot be granted to projects addressing legal compliance issues.

3. Incentive Description

3.1 Details of Incentive

Projects supported under this incentive must result in lowering the utilization of energy generated from fossil fuels. This may be achieved through a more efficient use of energy resources and through investments in alternative energy solutions.

3.2 Actions, eligible costs and the applicable aid intensity

The aid intensity for projects supported under this incentive is set at 50% of the costs incurred in relation to the items of expenditure mentioned below.

Projects benefiting from this incentive should be completed within 24 months of the issue of the Grant Agreement from Malta Enterprise. For an application to be considered for co-funding, the minimum project value (based on eligible expenses) must be at least **Euro 25,000** and must not exceed Euro 200,000. The resultant minimum grant value per project is Euro 12,500.

(A) Energy Saving Measures

Investments for the implementation of energy saving solutions such as:

- i. The installation of intelligent lighting systems (this may only include energy saving lighting if such investments are part of a holistic plan);
- ii. Thermal insulation;
- iii. Combined Heat and Power (CHP);
- iv. Building management systems (this cost may not be included in projects submit by hotels);

Note: Any investments must be in equipment which has the main function of saving energy.

(B) Alternative Energy Sources

Investments in renewable energy solutions, such as (but not limited to) the installation of energy generating and heating solutions based on the use of solar power and wind power.

3.3 Additional Provisions

The following additional provisions shall apply to any costs that may be supported through this incentive:

- i. Where required, the applicant must provide proof that any permits have been obtained prior to the issuing of the Letter of Approval. Permits may be required from various sources such as:
 - a. MEPA (Malta Environment and Planning Authority) - MEPA policy guidance on planning requirements for renewables and energy efficiency may be found by following this link (page 100)
http://www.mepa.org.mt/planning/planning_policy/policyanddesign2007/DC%202007%20MEPA%20approved%2022.03.07%20Printable%20version.pdf
(Wind turbines require full MEPA permits.)
 - b. MRA (Malta Resources Authority) – Application forms for various licences issued by the MRA can be found on their web site:
http://www.mra.org.mt/energy_licences.shtml
- ii. All funding will be based on reimbursement of eligible costs.
- iii. All funding must be on costs incurred by the applicant after the aid is granted.
- iv. All costs must be subcontracted.
- v. Investments in second hand equipment are not eligible.
- vi. Costs related to activities leading to compliance with environmental legislation are not eligible.
- vii. All cost musts relate to additional investments and not to the replacement of existing plant, machinery or other infrastructure.

4. Evaluation and Assignment of Aid

All applications will be assessed by Malta Enterprise on the following criteria:

4.1 Eligibility Criteria

For an application to be eligible for evaluation the following conditions must be met:

1. The application should be complete. That is:
 - a. all fields on the form must be filled in with the relevant details;
 - b. all requested annexes must be attached to the application form.
2. The application fits with one of the focus areas of the aid scheme as defined in Section 3 (*Incentive Description*).
3. The applicant has honoured / rectified any obligations or conditions set by Malta Enterprise with respect to previous granted support.
4. The application/applicant must be within State Aid parameters as outlined in Section 6 (*State Aid Rules and Obligations*). All aid under this incentive must be in line with the de minimis rules.
5. The applicant must comply with the laws pertaining to the intervention(s) being proposed for funding.
6. The applicant must be in-line with the criteria in Section 2 (*Eligibility*).

Applications that do not comply with any one of the above conditions will be rejected.

4.2 Preliminary Evaluation (35%)

1. **Risk Appraisal:** Risk will be assessed on the number of years the enterprise has been established, the duration of the project, the value of the project in relation to the financial resources of the applicant, any preparatory work the applicant may have carried out together with the applicant's capacity to implement the project. The riskier the project in line with the above conditions the lower the score.
2. **Extent of need for support:** Applications will be assessed in terms of the applicants' need for support which will be determined on the size of the enterprise and whether it forms part of a network or is a start-up. The smaller the undertaking the higher the score. Additional points will be given to start-up undertakings and to those undertakings that form part of a relevant network.
3. **Holistic nature of project:** Projects comprising more than one eligible cost as outlined in Section 3 (*Incentive Description*) will be awarded higher marks.

4.3 Strategic Evaluation (65%)

- a) **Thematic priorities 55%:** How will the project contribute to national priorities and to the scheme objective. Projects will be evaluated against the following criteria:
 - i. **Energy Savings / Generated** in relation to investment (measured in € per kWh saved / generated from Renewable Energy Sources (RES) (40%). Measures value for money of the project / investment.

- ii. **Fuel switch** to cleaner fuels / RES (10%) - the degree to which cleaner fuels will be used – baseline existing fuels used by the applicant or heavy fuel oil / other power station fuel in the case of electricity.
 - iii. **Environmental Impact** (5%) – Gives weight to additional environmental benefits such as reduction in use of other resources (water in particular), or use of waste for electricity / heat generation.
- b) **Horizontal priorities 10%:** Projects must contribute to the attainment of the horizontal priority/cross-cutting themes of Environmental Sustainability and Equal Opportunities:
- i. **Environmental Sustainability** – Applicants would need to prove that the project addresses issues such as carbon neutrality and climate change, water, waste, air quality and nature protection.
 - ii. **Equal Opportunities** – Applicants would need to prove that the project addresses issues such as the involvement of disadvantaged groups in the project; increased participation of females, ensuring accessibility for all and family friendly measures.

4.4 Notification of results

Successful applicants will be notified in writing of the outcome of their application. Once a project is approved, a *Grant Agreement* will be issued.

5. Further Information

5.1 European Regional Development Fund (ERDF)

Malta Enterprise is responsible for the implementation of a grant scheme for enterprises, which will be operating under Malta's Operational Programme I Cohesion Policy 2007 – 2013.

This Incentive Guideline is based on the eligibility criteria specified in the following documentation:

- a) Malta's National Strategic Reference Framework Document, its Operational Programmes and any other implementation guidelines provided by the Managing Authority which may be updated from time to time. These are available on the website of the Managing Authority for Structural Funds [<http://www.ppcd.gov.mt>].
- b) European Commission Regulations on Structural Funds. These apply to all projects benefiting under Structural Funds and are legally binding in all Member States. The Malta Enterprise Grant Schemes will be co-financed under the European Regional Development Fund (ERDF) and the legislative guidelines which apply directly to this scheme include:
 - Regulation (EC) No. 1083/2006 laying down the general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.
[<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:210:0025:0078:EN:PDF>]
 - National Eligibility rules as per Article 56(4) of Regulation (EC) No. 1083/2006 laying down the general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.
 - Regulation (EC) No. 1080/2006 on the European Regional Development Fund.
[<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:210:0001:0011:EN:PDF>]
 - COMMISSION REGULATION (EC) No. 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No. 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.
[<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:045:0003:0115:EN:PDF>]

6. State Aid Rules and Obligations

6.1 Applicable State Aid

This Incentive Guideline is in line with Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to *de minimis* aid, Official Journal L379 of 28.12.2006.

[http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_379/l_37920061228en00050010.pdf]

In terms of this State Aid regulation, an enterprise may receive a total amount of aid up to €200,000 over a rolling three fiscal year period. This maximum threshold includes all *de minimis* aid granted to the beneficiary including that received from any entity other than Malta Enterprise.

The beneficiary will have to repay with interest any *de minimis* aid in excess of the €200,000 threshold.

6.1.1 De minimis Aid

This incentive is governed by the *de minimis* regulations and therefore the incentive will **NOT** apply to the following:

1. Aid granted to undertakings active in the fishery and aquaculture sectors as covered by Council Regulation (EC) No. 104/2000;
2. Aid granted to undertakings active in the primary production of agricultural products as listed in Annex 1 to the Treaty;
3. Aid granted to undertakings active in the processing and marketing of agricultural products as listed in Annex 1 to the Treaty, in the following cases:
 - When the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned;
 - When the aid is conditional on being partly or entirely passed on to primary producers;
4. Aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;
5. Aid contingent upon the use of domestic over imported goods;
6. Aid granted to undertakings in difficulty.

6.2 Cumulation

Aid granted under this incentive may only be cumulated with other aid under any other incentive, or with other Community funding, in relation to the same item of expenditure as long as such cumulation does not exceed the gross aid intensity fixed by this Incentive Guideline.

In terms of the *de minimis* regulation quoted above, assistance shall not be cumulated with State Aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding that fixed in the specific circumstances of each case by a block exemption regulation or decision adopted by the European Commission.

7. Contact Details

Further information on the incentive, as well as information and guidance on the filling in of the application may be obtained by contacting Malta Enterprise during office hours.

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