



**Ministry of the Environment
of the Slovak Republic**

STATE AID SCHEME

**under the Modernisation Fund supporting investments to modernise the
energy systems, including energy storage and energy efficiency
improvement**

The State aid scheme under the Modernisation Fund supporting investments to modernise the energy systems, including energy storage and energy efficiency improvement

A. PREAMBLE

The State aid scheme under the Modernisation Fund supporting investments to modernise the energy systems, including energy storage and energy efficiency improvement (hereinafter referred to as the “Scheme”) has been prepared in compliance with Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, as amended.

The purpose of the Scheme is to provide State aid (hereinafter referred to as “aid”) to improve energy efficiency, modernise energy systems, including heat distribution to district heating or cooling (hereinafter also referred to as “DHC”), in order to increase the number of efficient DHC systems, for energy storage and smart solutions for heat distribution and related equipment, increasing the share of electricity and heat produced by high-efficiency cogenerations (hereinafter also referred to as “CHP”) and reducing the consumption of primary energy sources in electricity and heat production, in particular as part of implementation of measures of national, regional and local low-carbon strategies and concepts of municipal development¹ in the field of thermal energy to ensure the reduction of greenhouse gas emissions.

The support provided under this Scheme falls within the support allowed by Article 10d of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, the provision method and rules of which are set in Commission Implementing Regulation (EU) No 2020/1001 of 9 July 2020 laying down detailed rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards the operation of the Modernisation Fund supporting investments to modernise the energy systems and to improve energy efficiency of certain Member States.

B. LEGAL BASIS

The legal basis for the Scheme consists of the following EU and Slovak legislation:

- 1) Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty², as amended (hereinafter referred to as the “General Block Exemption Regulation”)
- 2) Directive (EU) 2018/2002 of the European Parliament and of the Council of 11 December 2018 amending Directive 2012/27/EU on energy efficiency (hereinafter referred to as the “Energy Efficiency Directive”).
- 3) Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the

¹ § 31 (a) and (b) of Act on Thermal Energy.

² Official Journal: L 187/1, 26. 06. 2014.

Community and amending Council Directive 96/61/EC (hereinafter referred to as the “EU ETS Directive”).

- 4) Commission Implementing Regulation (EU) No 2020/1001 of 9 July 2020 laying down detailed rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards the operation of the Modernisation Fund supporting investments to modernise the energy systems and to improve energy efficiency of certain Member States (hereinafter referred to as the “MoF Implementing Regulation”).
- 5) Act No. 414/2012 Coll. on emission allowance trading and on amendments to certain acts, as amended (hereinafter referred to as the “Emission Allowance Trading Act”).
- 6) Act No. 137/2010 Coll. on air protection, as amended (hereinafter referred to as the “Air Act”).
- 7) Act No. 587/2004 Coll. on Environmental Fund and on amendments to certain acts, as amended.
- 8) Act No. 358/2015 Coll. governing certain relations in the area of State aid and de minimis aid and on amendments to certain acts (State Aid Act)³ (hereinafter referred to as the “State Aid Act”).
- 9) Act No. 357/2015 Coll. on financial control and audit and on amendments to certain acts, as amended (hereinafter referred to as the “Financial Control Act”).
- 10) Act No. 343/2015 Coll. on public procurement and on amendments to certain acts, as amended (hereinafter referred to as the “Public Procurement Act”).
- 11) Act No. 523/2004 Coll. on budgetary rules in public administration and on amendments to certain acts, as amended.
- 12) Act No. 575/2001 Coll. on the organisation of government activities and on the organisation of central government authorities, as amended.
- 13) Act No. 431/2002 Coll. on accounting, as amended (hereinafter referred to as the “Accounting Act”).
- 14) Act No. 657/2004 Coll. on thermal energy, as amended (hereinafter referred to as the “Thermal Energy Act”).
- 15) Act No. 309/2009 Coll. on the support for renewable energy sources and high-efficiency cogeneration and on amendments to certain acts, as amended (hereinafter referred to as the “RES and CHP Act”).
- 16) Act No. 251/2012 Coll. on the energy sector and on amendments to certain acts, as amended (hereinafter referred to as the “Energy Sector Act”).
- 17) Act No. 321/2014 Coll. on energy efficiency and on amendments to certain acts, as amended (hereinafter referred to as the “Energy Efficiency Act”).

C. DEFINITIONS

For the purposes of this Scheme, the following definitions apply:

- **Subsidy or non-repayable grant** is a form of the provision of aid under this Scheme (hereinafter referred to as the “NRG”).

³ www.statnapomoc.sk

- **Emission** is the release of greenhouse gases and pollutants into the air.
- **Emission allowance** is one tonne of emission allowed to be released over a certain period of time; in the case of greenhouse gas emissions, one tonne of carbon dioxide equivalent (EUA).
- **Energy efficiency** is a process that contributes to increasing energy effectiveness or decreasing energy intensity of the energy transformation, distribution or consumption, taking into account technological, economic or operational changes, or behavioural changes of final customers and final consumers.
- **Energy efficiency improvement** means an increase in energy effectiveness or decrease in energy intensity as a result of technological, economic or operational changes, or behavioural changes of final consumers.
- **Energy effectiveness** means the ratio of the sum of energy outputs from the process and the sum of energy inputs to the process.
- **Energy intensity** means the consumption of energy per unit produced for a given technology or the consumption of energy per a service provided.
- **Energy efficiency improvement measure** means an activity resulting in a verifiable and measurable or estimable energy efficiency improvement.
- **Energy savings** means the difference between the energy consumption before the implementation of the energy efficiency improvement measure and the energy consumption after the implementation of the energy efficiency improvement measure, and is determined by measuring, estimating, assuming or surveying, whilst taking into account normalised external conditions that affect energy consumption.
- **Energy efficient district heating and cooling** means a DHC system that meets the definition of efficient district heating and cooling set out in Article 2 (41)⁴ of the Energy Efficiency Directive. The DHC system includes the heat production facilities and the network (including related facilities) needed to distribute the heat/cold from the production facilities to the customer premises.
- **Cogeneration** means the simultaneous generation of thermal energy and electrical and/or mechanical energy in one process.
- **Modernisation Fund Commission** means a commission of the Ministry of the Environment of the Slovak Republic and the Ministry of Economy of the Slovak Republic supporting investments under the Modernisation Fund (hereinafter referred to as the “MoF Commission”), established on 28 September 2020 by a decision of the Slovak Minister of the Environment, effective from 15 October 2020. The MoF Commission consists of five members for the Ministry of the Environment of the Slovak Republic (hereinafter also referred to as the “MŽP SR”) and five members for the Ministry of Economy of the Slovak Republic (hereinafter referred to as the “MH SR”).
- **Micro, small and medium-sized enterprise** (hereinafter referred to as “SME”) means an enterprise that meets the criteria in Annex I to the General Block Exemption Regulation.

⁴ **Efficient district heating and cooling** means a district heating or cooling system using at least 50 % renewable energy, 50 % waste heat, 75 % cogenerated heat or 50 % of a combination of such energy and heat.

- **Undertaking/Enterprise** means an undertaking pursuant to Art. 107(1) of the Treaty on the Functioning of the EU. Undertaking means any entity engaged in an economic activity irrespective of its legal form and way of its funding. The economic activity means any activity consisting of offering goods and/or services on the market.
- **Aid** means any measure that meets all the criteria set in Article 107(1) of the Treaty on the Functioning of the EU.
- **Operating profit** means the difference between the discounted income and the discounted operating costs during the relevant life of the investment, if this difference is positive. Operating costs include costs of personnell, material, contract services, communications, energy, maintenance, rent and administration. Depreciation and financing costs are excluded if these were covered by investment aid.
- **Heat distribution** means a heat and cold distribution network, including related facilities needed for the heat and cold distribution and accumulation from production facilities to customer premises, in particular pipes, pumps, heating transfer/exchanger stations, measuring and control technology.
- **Construction, refurbishment and modernisation of heat and cold distribution** means the construction for the extension of the existing system and refurbishment, modernisation of the existing distribution systems and heating facilities that meets the definition of efficient district heating and cooling according to Article 2(41) of the Energy Efficiency Directive.
- **Greenhouse gases** are gaseous substances listed in Annex 2 Table A to the Emission Allowance Trading Act.
- **Large undertaking** means an undertaking that cannot be classified as SME because it does not meet the criteria set in Annex I to the General Block Exemption Regulation.
- **High-efficiency cogeneration** means cogeneration that meets the definition of high-efficiency cogeneration set out in Article 2(34) of the Energy Efficiency Directive.
- **Start of works**⁵ means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of works.
- **DHC system smartening (smart solution)** means the introduction/integration of technologies (tangible and intangible) into heat distribution within efficient DHC systems to make them smarter, more efficient and more reliable. Digital technologies also help to integrate renewable sources into DHC systems as well as to connect the electricity grid. Smart control systems will enable district heating and cooling remote networks to fully optimize the operation of equipment and networks, while strengthening the position of the final consumer. Digital technologies will enable the most efficient use of DHC infrastructure in order to manage and optimize energy production according to expected demand and maximize the integration and use of renewable energy sources. Digitization is crucial to the further development of DHC systems; it can significantly increase their efficiency by monitoring water leaks, heat losses, as well as in designing their thermal insulation. Digital technologies are also used to optimize demand in order to reduce peak loads.

⁵ Article 2(23) of the General Block Exemption Regulation.

- **Subsidy application or non-repayable grant application** means an applicant's application for aid under this Scheme (hereinafter referred to as the “NRGA”).

D. PURPOSE OF THE AID

The purpose of the aid is to support investments in:

- a) High-efficiency cogeneration units in accordance with Art. 40 of the General Block Exemption Regulation to increase the share of electricity and heat produced by high-efficiency cogeneration, which primarily serve to meet the demand for usable heat or cold in the district heating and cooling system, in units increasing the efficiency of high-efficiency cogeneration, increasing the number of efficient district heating and cooling systems and reducing the consumption of primary energy sources in the production of electricity and heat. All with a view to improving energy efficiency in accordance with Article 10d(2) of the EU ETS Directive.
- b) Heat distribution for efficient DHC systems in accordance with Art. 46 of the General Block Exemption Regulation to reduce the energy intensity of heat or cold distribution, thereby reducing greenhouse gas emissions, increasing the efficiency of existing DHC systems by connecting new customers and increasing the share of usable heat in electricity generation, including heat and cold accumulation systems and smart solutions as part of an energy-efficient district heating and cooling system. Heat distribution optimization will create the preconditions for reducing primary energy consumption and reducing dependence on energy imports, resulting in greenhouse gas emissions reduction. All with a view to modernizing energy networks, including district heating and/or increasing energy storage, in accordance with Article 10d(2) of the EU ETS Directive.

Projects a) and b) can be supported individually or in combination as part of one NRG application.

E. GRANTING AUTHORITY AND IMPLEMENTING AUTHORITY

Aid is granted by the Ministry of the Environment of the Slovak Republic which manages the funds allocated to the Slovak Republic from the Modernisation Fund.

Granting Authority:

Ministry of the Environment of the Slovak Republic (hereinafter also referred to as the “Granting Authority”)

Nám. Ľ. Štúra 1

812 35 Bratislava

Slovak Republic

Phone: + 421 2 595 611 11

Website: www.minzp.sk/ministerstvo

Email: mofo@enviro.gov.sk

The Scheme is implemented by the Environmental Fund (hereinafter referred as the “Implementing Authority”):

Environmental Fund,

Nevädzová 5

821 01 Bratislava

Slovak Republic

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F. AID BENEFICIARY

The aid beneficiary under this Scheme (hereinafter also referred to as the “Beneficiary”) is an undertaking/enterprise pursuant to Article 107(1) of the Treaty on the Functioning of the EU⁶, i.e.: a natural person or legal entity⁷ that meets at least one of the following conditions:

- a) operates in thermal energy on the basis of and in accordance with the permit under § 5(1) of the Thermal Energy Act (business authorization for heat production and distribution or heat distribution according to § 2(g) of the Thermal Energy Act) and its business subject is in thermal energy (heat distribution or heat production and distribution) listed in the relevant register, which may include:
 - A. Heat producers or heat and electricity producers who do not carry out any activity other than that listed in Annex 1 Tables A and B of the Emission Allowance Trading Act, except for fuel combustion,
 - B. Heat producers or heat and electricity producers with a total rated thermal input <20 MW.
- b) aid under the Scheme will be provided to SMEs and large enterprises. The defining is the definition given in Article C of this Scheme.

The aid under this Scheme cannot be granted to an undertaking in difficulty⁸ (except where the undertaking was not considered to be in difficulty as of 31 December 2019 but has become an undertaking in difficulty in the period from 1 January 2020 to 30 June 2021) or to an undertaking that is subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by the Slovak Republic illegal and incompatible with the internal market⁹.

Several entities with separate legal personality having controlling shareholdings and other functional, economic and organisational links may be considered entities constituting a single economic unit for the purposes of this Scheme. That economic unit is then considered a relevant undertaking, that is, an aid beneficiary¹⁰.

G. SCOPE OF APPLICATION

The Scheme applies to the granting of aid pursuant to:

⁶ i.e. SMEs as well as large enterprises as defined in Article C of this Scheme.

⁷ Legal entities also include associations of legal entities and central administration and local self-government entities, provided that they operate on the basis of a permit in accordance with § 2(g) and § 5(1) of the Thermal Energy Act.

⁸ In order to define an undertaking in difficulty, the definition specified in Article 2(18) of the General Block Exemption Regulation is decisive.

⁹ EJC Judgment C-188/92 in the “*Deggenndorf*” case.

¹⁰ In this context, the Court of Justice considers as relevant the existence of a controlling shareholding and other functional, economic and organic links - the Court of Justice judgement of 16 December 2010, *AceaElectrabel Produzione SpA/Commission*, C-480/09 P, ECLI:EU:C:2010:787, para. 47 through 55; the Court of Justice judgement of 10 January 2006, *Cassa di Risparmio di Firenze SpA and Others*, C-222/04, ECLI:EU:C:2006:8, para. 112

a) Article 40 of the General Block Exemption Regulation. In line with the foregoing, the aid will be granted as investment aid for high-efficiency cogeneration, for the construction of new or for the refurbishment of existing units, in order to improve energy efficiency in accordance with Article 10d(2) of the EU ETS Directive.

b) Article 46 of the General Block Exemption Regulation. In line with the foregoing, the aid will be granted as investment aid for the construction, refurbishment and modernisation of heat distribution (distribution networks) of energy efficient DHC, including heat and cold accumulation systems and smart solutions to modernise energy networks, including district heating and/or energy storage increase, and/or energy efficiency improvement in accordance with Article 10d(2) of the EU ETS Directive.

The Scheme does not apply to the following areas:

- 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 costs linked to the export activity;
- aid contingent upon the use of domestic over imported goods;
- aid granted in the fishery and aquaculture sector, as covered by Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000¹¹;
- aid granted in the primary agricultural production sector;
- aid granted to undertakings in the sector of processing and marketing of agricultural products, in the following cases:
 - a) where 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,
 - b) where the aid is conditional on being partly or entirely passed on to primary producers;
- aid to facilitate the closure of uncompetitive coal mines, as covered by Council Decision No 2010/787/EU.

Where an undertaking is active in the excluded sectors referred above and in sectors which fall within the scope of this Scheme, this Scheme applies to aid granted in respect of the latter sectors or activities, provided that the beneficiary ensures (and the granting/implementing authority verifies) by separating activities or differentiating costs (expenditures), so that the activities in the excluded sectors do not benefit from the aid granted in accordance with this Scheme.

This Scheme does not apply to the provision of State aid, where the content or the conditions attached to it is financing methods comprise a non-severable violation of Union law, in particular:

¹¹ OJ, L 354,28. 12. 2013, p. 1.

- aid subject to the obligation for the beneficiary to have its headquarters in the relevant Member State or to be predominantly established in that Member State; however, the requirement to have an establishment or branch in the aid granting Member State at the moment of payment of the aid is allowed;
- aid subject to the obligation for the beneficiary to use domestic products or services;
- aid restricting the possibility for the beneficiaries to exploit the research, development and innovation results in other Member States.

The granting of aid under this Scheme will comply with the provisions of Article 1(2)(a) of the General Block Exemption Regulation; i.e., the Scheme will not apply if the average annual State aid budget under this Scheme exceeds EUR 150 million.

The aid under this Scheme may be granted to projects implemented throughout the entire territory of Slovakia. The place of implementation of the project, rather than the headquarters of the beneficiary, is decisive for determining eligibility.

H. ELIGIBLE PROJECTS

Eligible projects under this Scheme are:

1. Investment projects pursuant to Article 40 of the General Block Exemption Regulation aimed at the construction, refurbishment and modernization of existing energy installations in order to increase energy efficiency and reduce greenhouse gas emissions by high-efficiency cogeneration.

Support for such projects will increase the share of electricity and heat produced by high-efficiency cogeneration, increase the number of efficient district heating and cooling systems and reduce the consumption of primary energy sources compared to the electricity and heat production itself or compared to the situation before refurbishment or modernization of existing installations, leading to positive impact on reducing greenhouse gas emissions.

2. Investment projects pursuant to Article 46 of the General Block Exemption Regulation aimed at the construction, refurbishment and modernization of energy (distribution) networks within DHC systems, including heat and cold accumulation systems and smart solutions as part of an energy efficient district heating and cooling system, meeting the definition of energy-efficient DHC system, or on the basis of aid granted under this Scheme, they will meet this definition of energy-efficient DHC system after the project implementation.

For the purposes of this Scheme, the investment must be kept in the area in which it was granted for at least five years after the investment has been completed, or for at least three years in the case of SMEs. This condition does not preclude the replacement of equipment or facilities which, during this five-year period, or three-year period for SMEs, have become obsolete due to rapid technological development, provided that economic activity in the area concerned is maintained for the defined period.

I. ELIGIBLE EXPENDITURE

I.1. Eligible expenditure on high-efficiency cogeneration

Eligible expenditures¹² pursuant to Art. 40 of the General Block Exemption Regulation are extra investments expenditures for:

- a) the equipment needed for the installation to operate as a high-efficiency cogeneration installation, compared to conventional electricity or heating installations of the same capacity, or
- b) upgrade to a higher efficiency when an existing installation already meets the high-efficiency threshold.

I.2. Investment aid for energy efficient district heating and cooling

For the purposes of this Scheme and pursuant to Art. 46 of the General Block Exemption Regulation, the eligible costs for the distribution network shall be the investment costs. The aid amount for the distribution network shall not exceed the difference between the eligible costs and the operating profit. The operating profit shall be deducted from the eligible costs *ex ante* or through a claw-back mechanism.

I.3. Common provisions on eligible expenditure

In accordance with this Scheme, the eligible expenditure is the investment expenditure incurred by the aid beneficiary in connection with the implementation of the eligible project to:

- a) acquire tangible fixed assets (construction/expansion, refurbishment or modernization of heat distribution in energy efficient district heating and cooling, including heat and cold accumulation systems and construction/expansion, refurbishment or modernization of sources in high-efficiency cogeneration as part of the district heating and cooling system);
- b) acquire tangible and intangible assets (software) necessary to properly use the tangible assets intended to increase the intelligence of heat distribution in efficient DHC systems, which may also include the acquisition of:
 - digitization and data transmission systems to increase the intelligence of DHC systems (smartening) as part of an energy-efficient district heating and cooling, support for smart energy heating and cooling systems, including their optimization, implementation of measurement and control systems (including SMART solutions) for the purpose of cyber security, efficient data collection and evaluation and a flexible response to the development of energy consumption and also for the purpose of efficient supply of autoproducers from RES to the DHC system.

In accordance with this Scheme, eligible expenditure is investment expenditure that meets the other eligibility criteria defined in the Scheme.

Assets acquired under the project must meet the following conditions:

- it must be used exclusively by the beneficiary in carrying out the business activity of the project for which the aid is granted,

¹² For the purposes of this Scheme, where the text refers to the term “expenditure” this term also means “costs” pursuant to the Accounting Act, and vice-versa, unless such interpretation is in a clear discrepancy with the meaning of the relevant provisions of this Scheme.

- it must be included in the beneficiary's assets and remain in its assets for at least five years after the completion of the project in compliance with the Accounting Act (depreciation of assets),
- it must be new, purchased from third parties under market conditions on the basis of public procurement carried out in accordance with the Public Procurement Act.

The costs eligible in terms of time, amount and justifiability are as follows:

- solely the costs spent during the implementation of the project following the submission of a NRG application;
- the costs that can be evidenced by original documents (e.g., accounting documents and records, bank account statements, etc.) and accompanying documentation (e.g., price bids, etc.) which are duly recorded in the beneficiary's accounting books in compliance with the applicable generally binding regulations; the documentary evidence must be clear, specific and up to date;
- the costs that are directly linked to the implementation of the eligible project in compliance with the project's content and are fully in line with the project's objectives as the costs contributing to the delivery of planned activities and project indicators;
- the costs that meet the economy, effectiveness, expediency and efficiency requirements;
- the costs which are, taking into account all circumstances, actual, correct and not overlapping and comply with the terms and conditions of a NRG Agreement for the project based on which the aid is granted.

The aid under this Scheme may not be granted if the eligible costs have been incurred prior to the submission of a NRG application. The entire project will be considered ineligible in that case.

For the calculation of eligible expenditures, figures before deduction of taxes or other charges shall be used.

Where eligible expenditure is incurred over several years, it is discounted to its present value and the discount rate applicable at the time the aid is granted is used as the interest rate for discount purposes.

Detailed conditions of eligibility of costs will be specified in the relevant call.

The following cannot be considered eligible costs:

- interests on loans and credits;
- leasing;
- insurance premiums paid at home and abroad, interest payments, fines and penalties paid;
- banking fees, customs and tax fees and charges;
- costs of procuring lands and immovable assets;
- costs of procuring means of transport and transport installations;
- costs incurred to procure used tangible assets;
- all personnel costs;
- operating costs;
- costs incurred in connection with the preparation of a NRG application and project management;

- costs of public procurement carried out pursuant to the Public Procurement Act;
- refundable value-added tax (VAT);
- marketing expenditure;
- other costs not linked to the project.

More detailed expenditure eligibility criteria will be specified in a relevant call, but will not be contrary to this Scheme.

J. FORM OF AID

The aid under this Scheme is granted in the form of a non-refundable grant (hereinafter referred to as the “NRG”), namely through a pre-financing system based on an application for payment submitted in compliance with the NRG Agreement. The aid will be granted from the resources of the Modernisation Fund.

Pursuant to Article 5(1) of the General Block Exemption Regulation, the aid under this Scheme is considered a transparent aid because it is possible to precisely calculate the gross grant equivalent of the aid ex ante without any need to undertake a risk assessment.¹³

K. AID AMOUNT AND AID INTENSITY

The aid amount under this Scheme is the sum of individual amounts of the NRG paid.

K.1. Aid amount and intensity for high-efficiency cogeneration

1. The minimum and maximum aid amounts per project will be specified in a relevant call for NRG applications so as not to exceed the threshold specified for investment aid for environmental protection in Article 4(1)(s) of the General Block Exemption Regulation. The threshold for investment aid for environmental protection under the above provision, excluding investment aid for the remediation of contaminated sites and aid for that part of the energy efficient district heating and cooling system which is linked to the distribution network, is EUR 15 million per undertaking and per investment project. The maximum aid amount shall not be circumvented by superficially dividing aid schemes or aid projects into several projects having similar features, objectives or beneficiaries.
2. The NRG application will always indicate the NRG given as an amount equal to the percentage of the eligible costs. The maximum aid intensity under this Scheme for individual categories of beneficiaries by size is shown in the table below.

Veľkostná kategória prijímateľa	Malý podnik	Stredný podnik	Veľký podnik
Slovensko (okrem Bratislavského kraja)	80%	70%	60%
	(45% + 15% + 20%)	(45% + 15% + 10%)	(45% + 15%)
Bratislavský kraj	65%	55%	45%
	(45% + 20%)	(45% + 10%)	

*Size category of the beneficiary – Small enterprise – Medium enterprise – Large enterprise
Slovakia (excluding Bratislava Region)
Bratislava Region*

¹³ Art. 2 Definitions, para. 18 of the General Block Exemption Regulation.

The maximum aid intensity is determined in accordance with paragraphs 5 and 6 of Article 40 of the General Block Exemption Regulation.

K.2. Aid amount and intensity for energy efficient district heating and cooling

1. The minimum aid amount is not specified. The maximum aid amount per undertaking and per investment project is EUR 20 million¹⁴.
2. The aid amount for the distribution network shall not exceed the difference between the eligible expenditure and the operating profit (pursuant to the definition in Art. C of this Scheme). The operating profit shall be deducted from the eligible costs *ex ante* or through a claw-back mechanism¹⁵.
3. The maximum aid intensity is 85% of eligible expenditure, while respecting the aid amount under para. 2 of this Article and the maximum aid amount per undertaking and per investment project under para. 1 of this Article.

K.3. Common provisions on the aid amount and intensity

1. The above thresholds shall not be circumvented by superficially dividing aid schemes or aid projects into several projects having similar features, objectives or beneficiaries. In order to exempt individual aid granted under this Scheme from the notification requirement, the individual thresholds set out in points K.1 and K.2. must not be exceeded.
2. The aid intensity means the gross aid amount expressed as a percentage of the eligible costs of the project. All the figures used are given before any deduction of tax or other charges. Aid intensity is calculated as a percentage of aid granted of the eligible costs.
3. Aid payable in the future, including aid payable in several instalments, is discounted to its value at the moment it is granted. The eligible costs are discounted to their value at the moment the aid is granted. The interest rate to be used for discounting purposes will be the discount rate applicable at the moment the aid is granted. The basis for the calculation of the discount rate is the base rate for the calculation of the reference and discount rate whose updated value is available at www.statnapomoc.sk. The methodology for the calculation of the discounted aid amount and eligible expenditure is attached as Annex 2 to this Scheme.

L. INCENTIVE EFFECT OF AID

The aid under this Scheme may be granted to the beneficiaries if it has a proven incentive effect¹⁶.

The aid granted to aid beneficiaries under this Scheme is considered to have an incentive effect if the beneficiary has submitted a written NRG application, including its mandatory

¹⁴ In accordance with Article 4(1)(w) of the General Block Exemption Regulation, according to which the notification threshold for investment aid for the district heating or cooling distribution network may not exceed EUR 20 million per undertaking and per investment project.

¹⁵ The relevant call for applications for a NRG shall specify the mechanism for determining the eligible expenditure in relation to the operating profit of the aid beneficiary (applicant).

¹⁶ Art. 6 of the General Block Exemption Regulation.

annexes, to the granting authority before work on the project starts (pursuant to the definition in Article C of this Scheme). If the project has not started before the submission of the NGR application, the incentive effect of the aid granted is proven.

The NGR application must contain at least the following information:

- a) undertaking's name and size;
- b) description of the project, including its start and end dates;
- c) location of the project;
- d) list of project costs;
- e) type of aid and amount of public funding needed for the project.

The content requirements of the NGR application will be specified in a relevant call for applications.

M. CONDITIONS FOR GRANTING AID

The granting authority will grant aid under this Scheme only if all the criteria and conditions set out in the Scheme and in the call for applications are met. The conditions that the applicant must meet under this Scheme are as follows:

1. Submission of the NGR application properly, on time and in the form specified in the call for NGR applications.
2. The applicant must ensure the co-financing of the project in the required amount and in the form that does not include any State aid or de minimis aid under the State aid rules, either from its own resources or through external funding.
3. The beneficiary does not meet the definition of an undertaking in difficulty¹⁰. The granting authority verifies if the applicant is not an undertaking in difficulty, or was not an undertaking in difficulty as of 31 December 2019, on the basis of data from the applicant's financial statements available in the register of financial statements or attached to the NRG application.
4. The beneficiary is not subject to insolvency proceedings, restructuring proceedings, is not in bankruptcy or restructuring. The applicant shall prove the fulfilment of this condition in the form of a confirmation from the relevant bankruptcy court, not older than 3 months as of the date of submission of the application.
5. The new cogeneration unit shall provide overall primary energy savings compared to separate production of heat and electricity. The improvement of an existing cogeneration unit or conversion of an existing power generation unit into a cogeneration unit shall result in primary energy savings compared to the original situation. The applicant shall prove the fulfilment of the above condition by an energy audit, which will be a mandatory annex to the NRG application. This condition will not apply if the investment project relates to the implementation of heat and cold accumulation.
6. The beneficiary is not a:
 - a) tax debtor,
 - b) health insurance debtor,
 - c) social insurance debtor.

7. The applicant shall prove the fulfilment of the conditions specified in clause 5 by a confirmation from the relevant institutions, not older than 3 months as of the date of submission of the NRG application.
8. Condition of non-enforcement of the decision against the beneficiary.
9. Condition of non-violation of the prohibition of illegal work and illegal employment under a special regulation for the period of five years preceding the date of submission of the NRG application.
10. Condition of settled property-legal relations and permits for the implementation of project activities.
11. Neither the beneficiary nor its statutory body, nor any member of the statutory body, proxy holder or person authorized to represent the beneficiary in the proceedings on NRG application have been convicted of a criminal offence of corruption, damaging the financial interests of the European Union, legalization of proceeds of criminal activity, establishing, masterminding and supporting a criminal group, machinations in public procurement and public auction.
12. The beneficiary is not subject to an outstanding recovery order following a Commission decision declaring an aid provided by the Slovak Republic illegal and incompatible with the internal market¹¹. The NRG applicant shall submit a declaration as regards compliance with this condition.
13. The beneficiary shall provide an overview and complete information on all aid received during the previous two fiscal years and during the current fiscal year, including from other granting authorities or under other aid schemes.
14. Fulfilment of the obligation by the beneficiary to proceed in the selection of the supplier¹⁷ according to the Public Procurement Act.
15. Fulfilment of other conditions set out in the relevant EU and Slovak legislation and in the call for NRG applications.
16. The beneficiary may submit several separate NRG applications under this Scheme, subject to the condition of the maximum amount of aid per undertaking and per investment project, and subject to other conditions set out in particular in Art. K and Art. N of this Scheme.
17. Based on a financial control, audit, government audit or audit carried out by EU control bodies with respect to the granted aid, the granting authority is entitled to seek the recovery of such part of the aid that exceeds the maximum aid amount or aid intensity under Article K of this Scheme.
18. The granting authority is required to claim the recovery of aid which has been used for a purpose different than that specified in this Scheme.¹⁸
19. The granting authority is required to claim the recovery of aid if the beneficiary has transferred it to another entity.¹⁹

¹⁷ The term “supplier” means a supplier of goods, works and services related to the implementation of the project for which aid is granted under this Scheme.

¹⁸ Based on the results of a financial control, internal audit, government audit or audit carried out by EU control bodies with respect to the granted aid.

¹⁹ Based on the results of a financial control, internal audit, government audit or audit carried out by EU control bodies with respect to the granted aid or based on information from aid beneficiary.

20. The granting authority is authorised to request additional information related to the aided project in order to verify its compliance with the conditions for granting aid.
21. Aid will be provided only if the applicant complies with all the conditions and criteria under this Scheme, the call and related legislation. All conditions for the granting of aid are specified in the relevant call for aid applications (hereinafter referred to as the “call”).
22. The method for verifying the conditions for granting aid shall be specified also in the call for NRG application.

N. CUMULATION OF AID

1. The State aid provided under this Scheme may be cumulated with other State aid, as long as individual aid measures concern different identifiable eligible costs.
2. In relation to the same eligible costs, partly or fully overlapping, or in relation to the same investment project, the State aid under this Scheme may not be cumulated with any other State aid or with other methods of financing, be it Union funding or national funding, if such cumulation would result in exceeding the maximum aid intensity or aid amount set under Article K of this Scheme.
3. Aid under this Scheme may not be cumulated with any de minimis aid, as long as it involves the same eligible costs, if such cumulation would result in aid intensity that exceeds the intensity set under Article K of this Scheme.
4. In determining whether the maximum aid intensity and aid amount under Article K of this Scheme have been respected, the total amount of State aid for the aided activity or project or undertaking shall be taken into account, regardless of whether such support is financed from local, regional and national funding or EU funding.
5. Cumulation of aid shall be verified on the basis of applicant’s declaration in the NRG application and by means of available technical resources and databases.

O. MECHANISM FOR GRANTING AID

1. The implementing authority shall publish the call for applications, including mandatory annexes (hereinafter referred to as the “call”), on the website www.envirofond.sk.
2. The applicant shall submit the NRG application with mandatory annexes in a format, manner and within the deadline specified in the call on the implementing authority's website www.envirofond.sk.
3. The NRG application procedure consists of two phases:
 - a. formal verification of the application correctness by the implementing authority,
 - b. expert assessment of whether the application qualifies for aid under the call and this Scheme.
4. According to the results of the expert assessment, the implementing authority shall compile for the MoF Commission a list of applications qualifying for aid, on which this Commission will decide in accordance with the rules of procedure. The implementing authority shall include other applications in the list of applications not qualifying for aid.
5. Where the NRG application complies with all the conditions for granting aid as specified

in the call and where a sufficient allocation for the project funding has been provided in the call and where the given NRG application is selected by the MoF Commission, the implementing authority shall issue an approval decision for the NRG application at the instruction of the MoF Commission and send it to the successful applicant.

6. Where the NRG application does not comply with any of the conditions for granting aid as specified in the call or where a sufficient allocation for the project funding has not been provided in the call and where the given NRG application is not selected by the MoF Commission, the implementing authority shall issue a non-approval decision for the NRG application at the instruction of the MoF Commission and send it to the applicant.

7. The implementing authority shall publish a list of approved and non-approved NRG applications for each call on its website.

8. The implementing authority shall enter into a NRG Agreement with the successful applicant after approving the NRG application.

9. The NRG Agreement is a legal act on the basis of which the aid is considered to have been granted, while the day of its entry into force is considered to be the day of granting the aid.

10. The Agreement under which the aid is granted shall contain an obligation of the beneficiary that it would comply with all conditions under which the aid has been granted to it and that the beneficiary would return the granted aid upon its breach of such conditions.

11. The NRG Agreement is subject to publication pursuant to Act No. 211/2000 Coll. on free access to information and on amendments to certain acts (the Freedom of Information Act) as amended.

12. There is no legal entitlement to be granted aid under this Scheme.

13. The NRG application including annexes thereto as well as other requested information shall be deemed confidential.

14. Employees of the implementing authority are bound by the obligation of confidentiality concerning any facts they may learn. This obligation shall survive the termination of employment.

15. More detailed information concerning the mechanism for evaluating the projects shall be specified in the relevant call and annexes thereto.

16. Proceedings on NRG application under this Scheme are not subject to the general regulation on administrative proceedings²⁰, but are regulated by this Article.

P. OVERALL BUDGET

The indicative amount of expenditure planned under this Scheme for the period 2021 - 2030 is EUR 1 billion. Estimated annual amount of funds for the implementation of this Scheme is EUR 100 million. The specific amount of funds allocated for the relevant call shall be published by the granting authority following the launch of the relevant call on the website www.envirofond.sk.

²⁰ Act No. 71/1967 Coll. on Administrative Proceedings (Administrative Procedure Code), as amended

R. TRANSPARENCY AND MONITORING

Following the entry into force of the Scheme, the granting authority shall ensure, in cooperation with the implementing authority and the Ministry of Economy SR, the publication and availability of the Scheme in its full wording, i.e. as amended by all approved amendments, on the websites www.envirofond.sk, www.minzp.sk and www.mhsr.sk at least for the period of its validity and effectiveness.

The transparency of the Scheme and the publication of all the approved NRG applications shall be ensured by the granting authority or the implementing authority in accordance with the General Block Exemption Regulation and in accordance with the MoF Implementing Regulation on its website²¹.

Pursuant to §12(1) and (3) of the State Aid Act, the implementing authority shall record in the Central Register, by means of an electronic form and within six months from the date of granting the aid, information about the beneficiary of aid and about aid granted under this Scheme, at least to the extent and in a structure defined in Article 9 of the General Block Exemption Regulation.

The implementing authority shall ensure the collection, monitoring and evaluation of all information at the level of projects as necessary for the monitoring of aid, including the data necessary to monitor the achievement of target values of the measurable indicators.

The granting authority shall prepare an annual monitoring report on the State aid granted under Scheme for each calendar year and submit it to the Antimonopoly Office of the Slovak Republic, always by the end of February of the following calendar year.

The granting authority, in cooperation with the Ministry of Economy SR, verifies compliance with all the conditions set out in this Scheme and compliance with the threshold for the maximum aid amount and aid intensity under Article K of this Scheme.

The granting authority, in cooperation with the implementing authority, shall maintain detailed records with the information and supporting documentation necessary to establish that all the conditions laid down in this Scheme are fulfilled, and shall do so for 10 years from the day of granting the last individual aid under the Scheme.²²

S. CONTROL AND AUDIT

The performance of financial controls, audits, government audits or audits by EU control bodies (hereinafter referred to as the “control and audit”) of the granted aid is based on EU legislation (Common Provisions Regulation; Implementing Regulation²³ and Council Regulation No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities’ financial interests against fraud and other irregularities) and on the Slovak legislation, i.e., the Financial Control Act, as well as in accordance with Article 13 and Article 16 of the MoF Implementing Regulation.

²¹ Annex III to the General Block Exemption Regulation.

²² Art. 12 of the General Block Exemption Regulation.

²³ OJ L 292, 15.11.1996, p. 2, special edition in Slovak language: Chapter 09 Volume 01 p. 303-306.

Entities authorised to perform the control and audit are as follows:

- a) Granting authority and its authorized persons;
- b) Implementing authority and its authorized persons;
- c) Ministry of Economy of the Slovak Republic and its authorized persons;
- d) Ministry of Finance of the Slovak Republic and its authorized persons;
- e) Supreme Audit Office of the Slovak Republic;
- f) Government Audit Office;
- g) EU control bodies;
- h) persons invited by the above authorities in accordance with the relevant legislation of the Slovak Republic and legal acts of the European Union.

The granting authority, in cooperation with the implementing authority, shall check compliance with the conditions under which aid has been granted, as well as other facts that may have an impact on the regularity and usefulness of the granted aid. The granting authority, in cooperation with the implementing authority, shall in particular check the economy and effectiveness of the granted aid and compliance with the NRG Agreement and the Scheme. For this purpose, the granting authority, in cooperation with the implementing authority, are authorised to carry out an inspection directly with the aid beneficiary.

Other entities involved in control and audit shall perform the control and audit of the beneficiary in accordance with applicable binding regulations.

When an inspection of aid granted under this Scheme is carried out, the aid beneficiary is required, pursuant to §14(1) of the State Aid Act, to demonstrate to the granting authority/implementing authority the use of State aid funds and the eligibility of incurred expenditure and to enable the granting authority/implementing authority to carry out an inspection regarding the use of State aid funds, eligibility of incurred expenditure and compliance with the conditions for granting the State aid.

The aid beneficiary shall provide the persons carrying out the control and audit with adequate conditions for performing the control and audit in a due and timely fashion and shall provide the necessary cooperation to them, including any requested information and documents concerning, in particular, the project solution, the progress achieved so far, the specifications regarding the use of aid, its expected further use, etc.

The beneficiary shall arrange for the presence of persons responsible for the implementation of project activities and shall refrain from such conduct that would jeopardise the commencement and due course of the control and audit.

The beneficiary shall forthwith adopt measures to remedy identified deficiencies stated in the control and audit report within the time limit set by the persons authorised to perform control audit. The beneficiary shall send a written report about the fulfilment of the measures adopted in order to remedy the identified deficiencies to the persons authorised to perform control and audit immediately after such measures have been fulfilled, including report on the removal of their causes.

The beneficiary shall regulate the participation of the supplier in the contract in the event of control and audit related to the delivered goods, works and services (eligible expenditure within the project) at any time during the validity and effectiveness of the NRG Agreement for the project by authorised persons. In the contract with the supplier, the beneficiary shall also regulate the conditions for the supplier to provide any necessary cooperation to

authorised persons.

Pursuant to Article 12 of the General Block Exemption Regulation, the European Commission is authorised to monitor the aid exempted from notification under this Scheme. For this purpose, the Commission is authorised to request any information and supporting documentation it may deem necessary for monitoring the application of the above regulation.

T. VALIDITY AND EFFECTIVENESS OF THE SCHEME

The Scheme enters into force and becomes effective on the day of its publication in the Commercial Journal. Following the entry into force of this Scheme, the granting authority shall ensure, in cooperation with the implementing authority, the publication and availability of the Scheme in its full wording, i.e. as amended by all approved amendments, within 10 business days on the websites www.envirofond.sk , www.minzp.sk and www.mhsr.sk at least for the period of its validity and effectiveness.

The Scheme may only be amended by means of written amendments, each of them entering into force and becoming effective on the day of the publication of the Scheme in the amended wording in the Commercial Journal. Any amendments made in the Scheme that would cause the average annual budget for State aid under this Scheme to exceed EUR 150 million shall be deemed null and void.

Changes in EU legislation referred to in Article B of this Scheme, or in any legislation related thereto, concerning the provisions of the Scheme shall be incorporated in the Scheme within six months of their date of entry into force.

The Scheme shall remain in force and effect until 31 December 2030. The concluded NRG Agreement for the project must become effective by that date. Eligible expenditure may be reimbursed until 31 December 2032.

ANNEXES

The Scheme contains the following annexes:

Annex 1 – Annex to the General Block Exemption Regulation

Annex 2 – Methodology for the calculation of the discounted aid amount and discounted eligible expenditure

Annex 1

Annex I to the General Block Exemption Regulation Definition of SME

Article 1 **Enterprise**

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

Article 2 **Staff headcount and financial thresholds determining enterprise categories**

1. The category of micro, small and medium-sized enterprises (“SMEs”) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.
2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.
3. Within the SME category, a micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

Article 3 **Types of enterprise taken into consideration in calculating staff numbers and financial amounts**

1. An ‘autonomous enterprise’ is any enterprise which is not classified as a partner enterprise within the meaning of paragraph 2 or as a linked enterprise within the meaning of paragraph 3.
2. ‘Partner enterprises’ are all enterprises which are not classified as linked enterprises within the meaning of paragraph 3 and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises within the meaning of paragraph 3, 25 % or more of the capital or voting rights of another enterprise (downstream enterprise).

However, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if this 25 % threshold is reached or exceeded by the following investors, provided that those investors are not linked, within the meaning of paragraph 3, either individually or jointly to the enterprise in question:

- (a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses (business angels), provided the total investment of those business angels in the same enterprise is less than EUR 1 250 000;

- (b) universities or non-profit research centres;
- (c) institutional investors, including regional development funds;
- (d) autonomous local authorities with an annual budget of less than EUR 10 million and less than 5 000 inhabitants.

3. 'Linked enterprises' are enterprises which have any of the following relationships with each other:

- (a) an enterprise has a majority of the shareholders' or members' voting rights in another enterprise;
- (b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- (c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- (d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

There is a presumption that no dominant influence exists if the investors listed in the second subparagraph of paragraph 2 are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as shareholders.

Enterprises having any of the relationships described in the first subparagraph through one or more other enterprises, or any one of the investors mentioned in paragraph 2, are also considered to be linked.

Enterprises which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets.

An 'adjacent market' is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

4. Except in the cases set out in paragraph 2, second subparagraph, an enterprise cannot be considered an SME if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.

5. Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the thresholds set out in Article 2. The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25 % or more by one enterprise or jointly by enterprises linked to one another. Such declarations are made without prejudice to the checks and investigations provided for by national or Union rules.

Article 4

Data used for the staff headcount and the financial amounts and reference period

1. The data to apply to the headcount of staff and the financial amounts are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the accounts. The amount selected for the turnover is calculated excluding value added tax (VAT) and other indirect taxes. Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial thresholds stated in Article 2, this will not result in the loss

or acquisition of the status of medium-sized, small or micro-enterprise unless those thresholds are exceeded over two consecutive accounting periods.

2. In the case of newly-established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made in the course of the financial year.

Article 5

Staff headcount

The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU. The staff consists of:

(a) employees;

(b) persons working for the enterprise being subordinated to it and deemed to be employees under national law;

(c) owner-managers;

(d) partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff. The duration of maternity or parental leaves is not counted.

Article 6

Establishing the data of an enterprise

1. In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the accounts of that enterprise.

2. The data, including the headcount, of an enterprise having partner enterprises or linked enterprises are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation.

To the data referred to in the first subparagraph are added the data of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights (whichever is greater). In the case of cross-holdings, the greater percentage applies.

To the data referred to in the first and second subparagraph are added 100 % of the data of any enterprise, which is linked directly or indirectly to the enterprise in question, where the data were not already included through consolidation in the accounts.

3. For the application of paragraph 2, the data of the partner enterprises of the enterprise in question are derived from their accounts and their other data, consolidated if they exist. To these are added 100 % of the data of enterprises which are linked to these partner enterprises, unless their accounts data are already included through consolidation.

For the application of the same paragraph 2, the data of the enterprises which are linked to the enterprise in question are to be derived from their accounts and their other data, consolidated if they exist.

To these are added, *pro rata*, the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included in the consolidated accounts with a percentage at least proportional to the percentage identified under the second subparagraph of paragraph 2.

4. Where in the consolidated accounts no staff data appear for a given enterprise, staff figures are calculated by aggregating proportionally the data from its partner enterprises and by adding the data from the enterprises to which the enterprise in question is linked.

Annex 2

Methodology for the calculation of the discounted aid amount and discounted eligible expenditure

CALCULATION OF THE PRESENT VALUE OF ELIGIBLE EXPENDITURE

1. PRESENT VALUE OF ELIGIBLE EXPENDITURE:

In calculating the aid amount and its share in the total eligible expenditure per project, it is necessary to take into account whether the investment for which aid is to be granted will be implemented within one year or over a period of several years. If an investment is to be implemented over a period of several years, eligible expenditure must be discounted and its present value needs to be calculated. The present value is the total amount expressing the present value of future payments. To apply the discount rate to the calculation of the present value, the base rate for the calculation of the reference and discount rate applicable as of the date of granting the aid, plus 100 basis points, is used.

The applicable base rates for the calculation of the reference and discount rates of the relevant Member States are published by the European Commission on the website:

https://ec.europa.eu/competition/state_aid/legislation/reference_rates.html

The eligible investment expenditure is discounted to the present value at the moment the aid is granted.

For the calculation, the following facts are relevant:

1. the amount of eligible expenditure (hereinafter referred to as “OV”);
2. the discount rate.

2. CALCULATION OF THE AMOUNT OF THE PRESENT VALUE OF ELIGIBLE EXPENDITURE

If an investment is implemented over a period of several years, eligible expenditure must be converted to the present value by applying the discount rate using the following formula:

$$OV / (1 + \text{discount rate})^n$$

- OV = amount of eligible expenditure in the relevant year of realization, at nominal value.
- **Discount rate** is expressed in a decimal format (e.g. if a base rate is -0.20%, the discount rate is calculated as $-0.20 + 1 = 0.80\%$ and is indicated as 0.0080).
- **n** = 0,1,2,3... represents the numerical designation of the relevant year in which the investment is implemented in relation to the granting of aid. The “zero” year means the year when aid measure is assessed.

Example 1

The case is assessed in 2019. The applicant intends to implement the investment in the years 2019, 2020 in the following amounts of eligible expenditure:

in **2019**...EUR 100,000

in **2020** ... 50 000 EUR

In order to calculate the present value of **OV**, the following formula is used:

$$OV / (1 + \text{discount rate})^n$$

n	Year	OV amount [EUR]	Conversion formula	Present value of OV (discounted OV) [EUR]
0	2019	100,000.00	100,000 (1 + 0.0080) ⁰	100,000.00
1	2020	50,000.00	50,000 (1 + 0.0080) ¹	49,603.17
				149,603.17

The discounted eligible expenditure amount is EUR 149,603.17.

Example 2

The case is assessed in 2019. The applicant intends to implement the investment in the years 2020, 2021, 2022 in the following amounts of eligible expenditure:

in **2020**...EUR 50,000

in **2021**...EUR 50,000

in **2022**...EUR 75,000

In order to calculate the present value of **OV**, the following formula is used:

$$OV / (1 + \text{discount rate})^n$$

n	Year	OV amount [EUR]	Conversion formula	Present value of OV (discounted OV) [EUR]
0	2019	-	-	-
1	2020	50,000.00	50,000 (1 + 0.0080) ¹	49,603.17
2	2021	50,000.00	50,000 (1 + 0.0080) ²	49,209.50
3	2022	75,000.00	75,000 (1 + 0.0080) ³	73,228.42
				172,041.09

The discounted eligible expenditure amount is EUR 172,041.09.

DISCOUNTING THE AMOUNT OF AID GRANTED IN SEVERAL INSTALMENTS(NON-REPAYABLE GRANT - NRG) (NON-REPAYABLE GRANT - NRG)

1. THE PRESENT VALUE OF AID AMOUNT:

In calculating the aid amount and its share in the total eligible expenditure of the project, it is necessary to take into account whether aid is to be granted within one year or over a period of several years. If aid is granted in instalments over a period of several years, the aid amount must be discounted, i.e. it is necessary to calculate its present value. The present value of aid is the total amount expressing the present value of future payments. To apply the discount rate to the calculation of the present value, the base rate for the calculation of the reference and discount rate applicable as of the date of granting the aid, plus 100 basis points, is used.

The applicable base rates for the calculation of the reference and discount rates of the relevant Member States are published by the European Commission on the website:

https://ec.europa.eu/competition/state_aid/legislation/reference_rates.html

Aid payable in several instalments, is discounted to its present value at the moment it is granted.

In calculating the present value of aid amount, the following facts are relevant:

1. the aid amount,
2. the discount rate.

The gross grant equivalent is the aid amount before income tax payment. For each aid purpose, the aid amount is expressed in gross grant equivalent.

2. METHOD FOR THE CALCULATION OF THE PRESENT VALUE OF AID AMOUNT

If aid is paid as a lump sum or in several instalments over the course of one year, discounting the aid amount is not necessary because it equals the amount of the applicable form of aid.

If aid is granted in several instalments over a period exceeding one year, the amount of aid must be converted to the present value by applying the discount rate using the following formula:

$$VP / (1 + \text{discount rate})^n$$

- **VP** = aid amount,

- discount rate is expressed in a decimal format (e.g. if a base rate is -0.20%, the discount rate is calculated as $-0.20 + 1 = 0.80\%$ and is indicated as 0.0080).

- $n = 0, 1, 2, 3, \dots$ represents the numerical designation of the relevant year in relation to the granting of aid in instalments. The “zero” year means the year when aid measure is assessed.

Example 1

The case is assessed in **2019**. Aid is granted in the form of a NRG totalling EUR 200,000, in two instalments:

in **2019**...EUR 100,000

in **2020**...EUR 100,000

In order to calculate the present value of aid amount (VP), the following formula is used:

$$VP / (1 + \text{discount rate})^n$$

n	Year	VP amount [EUR]	Conversion formula	Present value of VP [EUR]
0	2019	100,000.00	$100,000 (1 + 0.0080)^0$	100,000.00
1	2020	100,000.00	$100,000 (1 + 0.0080)^1$	99,206.35
				199,206.35

Of the NRG granted in the amount of EUR 200,000, the amount of aid represents EUR 199,206.35.

Example 2

The case is assessed in **2019**. Aid is granted in the form of a NRG totalling EUR 200,000, in two instalments:

in **2020**...EUR 100,000

in **2021**...EUR 100,000

In order to calculate the present value of aid amount (VP), the following formula is used:

$$VP / (1 + \text{discount rate})^n$$

n	Year	VP amount [EUR]	Conversion formula	Present value of VP [EUR]
0	2019	-	-	-
1	2020	100,000.00	$100,000 (1 + 0.0080)^1$	99,206.35
2	2021	100,000.00	$100,000 (1 + 0.0080)^2$	49,209.50
				197,625.35

Of the NRG granted in the amount of EUR 200,000, the amount of aid represents EUR 197,625.35.