



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

**STATE AID SCHEME**

under the Modernisation Fund to support  
electricity generation from renewable energy sources

**Bratislava, April 2021**

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## **A. PREAMBLE**

The State aid scheme under the Modernisation Fund to support electricity generation from renewable energy sources (hereinafter only referred to as the “Scheme”) has been prepared in compliance with Commission Regulation (EU) No 651/2014<sup>1</sup> 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 only referred to as “aid”) for investments in construction, reconstruction and modernisation of facilities generating electricity from renewable energy sources (hereinafter also referred to as “RES”) in order to increase the share of RES in gross final energy consumption of the Slovak Republic, especially as part of implementing the measures under low-carbon strategies and/or municipal development concepts in thermal energy sector (cogeneration facilities) and meeting the objectives and requirements set by Directive 2018/2001/EC of the European Parliament and of the Council on the promotion of the use of energy from renewable sources.

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 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 Treaty<sup>2</sup>, as amended (hereinafter only referred to as the “General Block Exemption Regulation”).
2. Directive (EU) 2018/2001<sup>3</sup> of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast) (hereinafter only referred to as “Directive 2018/2001”).
3. Directive 2000/60/EC<sup>4</sup> of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (hereinafter only referred to as “Directive 2000/60/EC”).

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<sup>1</sup> Official Journal: L 187/1, 26.6.2014

<sup>2</sup> Official Journal: L 187/1, 26.06.2014.

<sup>3</sup> Official Journal: L 328/82, 21.12.2018.

<sup>4</sup> Official Journal: L 327/1, 22.12.2000.

4. 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) (hereinafter only referred to as the “State Aid Act”).
5. Act No. 357/2015 Coll. on financial control and audit and on amendments to certain acts, as amended (hereinafter only referred to as the “Financial Control Act”).
6. Act No. 343/2015 Coll. on public procurement and on amendments to certain acts, as amended (hereinafter only referred to as the “Public Procurement Act”).
7. Act No. 523/2004 Coll. on budgetary rules in public administration and on amendments to certain acts, as amended.
8. Act No. 575/2001 Coll. on the organisation of government activities and on the organisation of central government authorities, as amended.
9. Act No. 431/2002 Coll. on accounting, as amended (hereinafter only referred to as the “Accounting Act”).
10. 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 only referred to as the “RES and Cogeneration Support Act”).
11. Act No. 251/2012 Coll. on the energy sector and on amendments to certain acts, as amended (hereinafter only referred to as the “Energy Sector Act”).
12. 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 (hereinafter only referred to as the “EU ETS Directive”).
13. 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 only referred to as the “MoF Implementing Regulation”).

## **C. DEFINITIONS**

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

- ‘Biomass’ means the biodegradable fraction of products, waste and residues from agriculture, including vegetal and animal substances, forestry and related industries including fisheries and aquaculture, as well as biogases and the biodegradable fraction of industrial and municipal waste.
- ‘Biomethane’ means the treated biogas whose technical parameters are comparable to technical parameters of natural gas.
- ‘Biogas’ means the gas intended for energy use, produced from the biomass through fermentation.

- ‘Subsidy, non-repayable grant (NRG)’ – a form of the provision of aid under this Scheme (hereinafter only referred to as the “subsidy”)<sup>5</sup>.
- ‘Energy from renewable energy sources’ means energy produced by plants using only renewable energy sources, as well as the share in terms of calorific value of energy produced from renewable energy sources in hybrid plants which also use conventional energy sources. It includes renewable electricity used for filling storage systems, but excludes electricity produced as a result of storage systems.
- ‘Geothermal energy’ means the energy stored in the form of heat under the Earth’s surface.
- ‘Hydro energy (hydropower)’ means technically utilisable potential, kinetic or thermal energy of waters. Kinetic energy of water streams (e.g. rivers) can be used, for instance, for generation of electricity.
- ‘SME’ means a micro, small and medium-sized enterprise as these enterprises are defined in Annex I ‘SME DEFINITION’ to the General Block Exemption Regulation. Said annex constitutes an integral part of this Scheme.
- ‘Renewable energy sources’ means the following renewable non-fossil energy sources: wind, solar, aerothermal, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases.
- ‘Sewage treatment plant gas’ means the gas produced during stabilisation of sewage sludge through anaerobic biodegradation which can be used for energy purposes.
- ‘Undertaking (enterprise)’ pursuant to Article 107(1) of the Treaty on the Functioning of the European Union means 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. 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 European Union.
- ‘Landfill gas’ means the gas spontaneously produced in the landfills through anaerobic degradation which can also be used for energy purposes.
- ‘Large undertaking’ means an undertaking that does not meet the criteria set in Annex I to the General Block Exemption Regulation.
- ‘Start of works’ pursuant to Article 2(23) of the General Block Exemption Regulation 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.

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<sup>5</sup> For the purposes of this Scheme, the term “non-repayable grant” is equivalent to the term “subsidy”.

## **D. PURPOSE OF THE AID**

The purpose of the aid is to support investments in facilities for the generation of electricity from renewable energy sources in compliance with Article 41 of the General Block Exemption Regulation in order to increase the share of RES in gross final energy consumption of the Slovak Republic (hereinafter only referred to as “Slovakia”) and increase the uptake of RES by undertakings, thus contributing to reduction of greenhouse gas emissions and decreasing reliance on energy imports, namely fossil fuels.

## **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.

**Ministry of the Environment of the Slovak Republic** (hereinafter only referred to as the “granting authority”)

Námestie Ľudovíta Štúra 1  
812 35 Bratislava

Website: <https://www.minzp.sk/>

Email: [Milan.Zvara@enviro.gov.sk](mailto:Milan.Zvara@enviro.gov.sk)

The Scheme is implemented by the Ministry of Economy of the Slovak Republic.

**Ministry of Economy of the Slovak Republic** (hereinafter only referred to as the “implementing authority”)

Mlynské nivy 44/a  
827 15 Bratislava 212  
Slovak Republic  
Phone: + 421 2 48 54 1111

Website: [www.mhsr.sk](http://www.mhsr.sk)

Email: [mofo@mhsr.sk](mailto:mofo@mhsr.sk)

Mutual relations between the granting authority, as the managing authority and the implementing authority, as the intermediate body, are governed by the Agreement on the performance of some tasks of the managing authority by the intermediate body.

## **F. AID BENEFICIARY<sup>6</sup>**

The aid beneficiary under this Scheme (hereinafter also referred to as the “beneficiary”) is a natural or legal person pursuant to §2(2)(a) through (c) of Act No. 513/1991 Coll., the Commercial Code, as amended, registered in a business register or carrying out business activities based on a trade licence or based on other than a trade licence pursuant to separate

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<sup>6</sup> Until the moment when a subsidy agreement becomes effective, that is, up to the moment the aid is granted, the beneficiary under this Scheme is referred to as the applicant.

regulations<sup>7</sup>, i.e., an undertaking/enterprise pursuant to Article 107(1) of the Treaty on the Functioning of the European Union.

For the purposes of this Scheme, renewables self-consumers and renewable energy communities are also considered business entities<sup>8</sup>.

The aid under this Scheme will be provided to SMEs and large undertakings<sup>9</sup>.

The aid under this Scheme cannot be granted to an undertaking in difficulty<sup>10</sup> (except where the undertaking was not considered to be in difficulty at 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 market<sup>11</sup>.

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 application of State aid rules. That economic unit is then considered a relevant undertaking, that is, an aid beneficiary.<sup>12</sup>

## G. SCOPE OF APPLICATION

The Scheme applies to the granting of aid pursuant to Article 41 of the General Block Exemption Regulation.

In line with the foregoing, the aid will be granted as an investment aid for the promotion of electricity generation from renewable energy sources. The Scheme does not cover aid for biofuels which are subject to a supply or blending obligation and to hydropower installations that do not comply with Directive 2000/60/EC of the European Parliament and of the Council<sup>13</sup>.

At the same time, 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<sup>14</sup>;
- aid contingent upon the use of domestic over imported goods<sup>15</sup>;

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<sup>7</sup> E.g., Act No. 251/2012 Coll. on the energy sector and on amendments to certain acts

<sup>8</sup> Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources

<sup>9</sup> Annex 1 to the State Aid Scheme

<sup>10</sup> In order to define an undertaking in difficulty, the definition contained in Article 2(18) of the General Block Exemption Regulation is decisive.

<sup>11</sup> EJC Judgment C-188/92 in the “*Deggendorf*” case

<sup>12</sup> 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 judgment 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 judgment of 10 January 2006, *Cassa di Risparmio di Firenze SpA and Others*, C-222/04, ECLI:EU:C:2006:8, para. 112.

<sup>13</sup> Article 41(4) of the General Block Exemption Regulation.

<sup>14</sup> Article 1(2)(c) of the General Block Exemption Regulation.

<sup>15</sup> Article 1(2)(d) of the General Block Exemption Regulation.

- 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 104/2000;<sup>16,17</sup>
- aid granted in the primary agricultural production sector;<sup>18</sup>
- aid granted in the sector of processing and marketing of agricultural products, in the following cases:<sup>19</sup>
  - 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,
  - 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<sup>20</sup>.

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 implanting authority verifies by appropriate means, such as separation of activities or distinction of costs (expenditures), 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 State aid measures, which entail, by themselves, by the conditions attached to them or by their financing method a non-severable violation of Union law, in particular:

- aid measures where the grant of aid is 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 measures where the grant of aid is subject to the obligation for the beneficiary to use nationally produced goods or national services;
- aid measures restricting the possibility for the beneficiaries to exploit the research, development and innovation results in other Member States.<sup>21</sup>

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. Projects implemented in the territory of the Western Slovakia, Central Slovakia or Eastern Slovakia will receive a 15% regional bonus.

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<sup>16</sup> OJ, L 354, 28.12.2013, pg.1.

<sup>17</sup> Article 1(3)(a) of the General Block Exemption Regulation.

<sup>18</sup> Article 1(3)(b) of the General Block Exemption Regulation.

<sup>19</sup> Article 1(3)(c) of the General Block Exemption Regulation.

<sup>20</sup> Article 1(3)(d) of the General Block Exemption Regulation. Council Decision 2010/787/EU of 10 December 2010 on State aid to facilitate the closure of uncompetitive coal mines (OJ L 336, 21.12.2010, pg. 24).

<sup>21</sup> Article 1(5) of the General Block Exemption Regulation



A project may be implemented at several eligible locations. In order to set the maximum aid intensity, the location of the project is decisive, not the registered office of the aid beneficiary.

## **H. ELIGIBLE PROJECTS**

Eligible projects under this Scheme are investment projects designed to:

- use hydropower for electricity generation (a source of electricity generation from RES);
- use solar power for electricity generation;
- use wind power for electricity generation;
- use geothermal energy for electricity generation, cogeneration;
- produce and use solid biomass, biogas, landfill gas and sewage treatment plant gas for generation of electricity through cogeneration.

For the purposes of this Scheme, the aid will not be granted to small installations where a less environmentally friendly investment cannot be established.

In compliance with Article 41(5) of the General Block Exemption Regulation, the aid under this Scheme is independent of the output (aid is given as a percentage of the eligible expenditure). The aid is granted to new installations only. No aid will be granted or paid out after the installation was put into operation.

The promotion of such projects will increase the share of RES in Slovakia's gross final energy consumption and the uptake of RES by undertakings.

## **I. ELIGIBLE EXPENDITURE**

The eligible expenditure is the investment expenditure<sup>22</sup> spent by the aid beneficiary in connection with the implementation of the eligible project to:

- procure fixed tangible assets;
- procure intangible assets (software necessary in order to duly use the tangible assets covered by the investment), while the share of the expenditure spent on software must not exceed 10% of total eligible expenditure of the project.

The eligible costs pursuant to Article 41 of the General Block Exemption Regulation are the extra investment costs necessary to promote the production of energy from renewable sources. They are determined as follows:

a) where the costs of investing in the production of energy from renewable sources can be identified in the total investment cost as a separate investment, for instance as a readily identifiable add-on component to a pre-existing facility, this renewable energy-related cost shall constitute the eligible costs;

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<sup>22</sup> For the purposes of this Scheme, where the text includes 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.

b) where the costs of investing in the production of energy from renewable sources can be identified by reference to a similar, less environmentally friendly investment that would have been credibly carried out without the aid, this difference between the costs of both investments identifies the renewable energy-related cost and constitutes the eligible costs.

Where the beneficiary fails to demonstrate the costs for a similar, less environmentally friendly investment that would have been credibly carried out without the aid, the costs of the similar, less environmentally friendly investment are determined as follows:

$$V_{MEI} = P \times v_{MEI-ref}$$

$V_{MEI}$ (EUR)	costs of the less environmentally friendly investment
P	power or thermal output of the installation using renewable energy (kW)
$v_{MEI-ref}$	reference costs of the less environmentally friendly investment per unit of installed capacity of a power generation installation or of an installation generating heat using the natural gas (EUR/kW)

The reference costs of the less environmentally friendly investment per unit of installed capacity of a power generation installation or of an installation generating heat using the natural gas will be published in a relevant call for applications.

In compliance with this Scheme, eligible costs means the costs that meet further expenditure eligibility criteria defined in the Scheme.

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 subsidy 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 contemporary;
- 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 and efficiency requirements;
- the costs which are, taking into account all circumstances, real, correct and not overlapping and comply with the terms and conditions of a Subsidy Agreement based on which the aid is granted under this Scheme.

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

The following cannot be considered eligible costs:

- the costs not directly linked to the achievement of a higher level of environmental protection;
- interests on loans and credits;
- leases;
- 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 subsidy application and project management;
- costs of public procurement carried out pursuant to the Public Procurement Act;
- refundable value-added tax (VAT);
- marketing expenditure;
- costs related to the maintenance and replacement of small parts and components of an existing installation that is regularly carried out during the installation's lifetime;
- other costs not linked to the project.

More detailed expenditure eligibility criteria will be published in a relevant call for applications.<sup>23</sup>

## **J. FORM OF AID**

The aid under this Scheme is granted in the form of a subsidy, namely through a pre-financing system or a refund system, or a combination of both, based on a request for payment submitted in compliance with a Subsidy Agreement.

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.

## **K. AID AMOUNT AND AID INTENSITY**

1. The aid amount under this Scheme is the sum of individual amounts of the subsidy paid.
2. The minimum and maximum aid amounts per project will be specified in a relevant call for subsidy applications so as not to exceed the threshold of EUR 15 million per undertaking per project as specified for investment aid for environmental protection in Article 4(1)(s) of the General Block Exemption Regulation. The maximum aid amount shall not be circumvented by

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<sup>23</sup> The call will define the ineligible costs in compliance with this Scheme. However, the granting authority has a right to define ineligible costs that may even go beyond those specified in this Scheme in the call.

superficially dividing aid schemes or aid projects into several projects having similar features, objectives or beneficiaries.

3. 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 charge. Aid intensity is calculated as a percentage of aid granted of the eligible costs.

4. 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](http://www.statnapomoc.sk). The methodology for the calculation of the discounted aid amount and eligible expenditure is attached as Annex 2 to this Scheme.

5. The subsidy application will always contain the subsidy given as an amount equal to the percentage of the eligible costs. The maximum aid intensity for individual categories of beneficiaries by size is shown in the following table.

**Projects implemented in Western, Central and Eastern Slovakia:**

Size of beneficiary	Small business	Medium-sized business	Large undertaking
<b>Maximum aid intensity</b> <sup>24</sup>	<b>80%</b>	<b>70%</b>	<b>60%</b>
	(45% + 15% + 20%)	(45% + 15% + 10%)	(45% + 15%)

**Projects implemented in the Bratislava Region:**

Size of beneficiary	Small business	Medium-sized business	Large undertaking
<b>Maximum aid intensity</b>	<b>65%</b>	<b>55%</b>	<b>45%</b>
	(45% + 20%)	(45% + 10%)	(45%)

**L. INCENTIVE EFFECT OF AID**

The aid under this Scheme may be granted to the beneficiaries if it has a proven incentive effect.<sup>25</sup>

The aid granted to aid beneficiaries is considered to have an incentive effect if the beneficiary has submitted a written application for the subsidy, including its mandatory annexes, to the implementing 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 subsidy application, the incentive effect of the aid granted is proven.

The subsidy application must contain at least the following information:

<sup>24</sup> Article 41(7)(a), Article 41(8) and (9) of the General Block Exemption Regulation.

<sup>25</sup> Article 6 of the General Block Exemption Regulation.

- 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 subsidy application will be specified in a relevant call for applications.

## **M. CONDITIONS FOR GRANTING AID**

1. The submission of a complete application for subsidy along with all of the required annexes in accordance with the conditions specified in the call for applications, including the related documents.

2. The applicant is not meeting the definition of an undertaking in difficulty<sup>10</sup> (except where the undertaking was not considered to be in difficulty at 31 December 2019 but has become an undertaking in difficulty in the period from 1 January 2020 to 30 June 2021). The implementing authority shall verify this fact in line with the instruction provided in the relevant call.

3. The applicant 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 market.<sup>11</sup> The applicant is required to submit a declaration as regards compliance with this condition.

4. The applicant is required to comply with the conditions of a technology-neutral auction for the new electricity capacity from renewable energy sources, organised by the implementing authority of the Scheme in cooperation with the Ministry of Economy of the Slovak Republic. The purpose of the auction is to ensure cost-efficient increases in the proportion of electricity produced from renewable energy sources. The parameters of the auction will be determined in the call.

5. Aid will be provided only if the applicant complies with all the conditions and criteria under this Scheme, the call, the related documents and legislation. All conditions for the granting of aid are specified in the relevant call which must be in line with this Scheme.

6. The method for verifying the conditions for granting aid shall be specified in the documentation for the relevant call.

7. The implementing authority is authorised to request additional information related to the aided project in order to verify its compliance with the conditions for granting aid.

8. The subsidy is provided on the basis of a subsidy agreement executed in writing with the applicant whose subsidy application has been approved within the subsidy application procedure.

9. The subsidy application procedure under this Scheme is not governed by a general regulation on administrative proceedings<sup>26</sup> and shall be subject to this Article.

10. The beneficiary is reimbursed only for the actually incurred eligible expenditure up to the maximum aid amount and aid intensity as per Article K of this Scheme. The subsidy is granted to the beneficiary on the basis of a received request for payment following the submission of accounting documents. The conditions and scope of documents required for settlement, including the subsidy payment method, will be agreed in the subsidy agreement.

11. The implementing authority is required to claim the recovery of aid which has been used for a purpose different than that specified in this Scheme.<sup>27</sup>

12. The implementing authority is required to claim the recovery of aid if the beneficiary has transferred aid to another entity.<sup>28</sup>

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

## **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 determined 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 subsidy

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<sup>26</sup> Act No. 17/1967 Coll. on administrative procedure (Code of Administrative Procedure) as amended.

<sup>27</sup> 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.

<sup>28</sup> 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.

application and by means of available technical resources and databases.

## **O. MECHANISM FOR GRANTING AID**

1. The implementing authority shall publish the call on the website [www.mhsr.sk](http://www.mhsr.sk)
2. The subsidy application is submitted by the applicant in written or electronic form to the address specified in the call.
3. The subsidy application delivered in accordance with the previous point is subject to a procedure during which the implementing authority verifies compliance with the conditions for granting aid as specified in the call, including the conditions for granting aid under this Scheme, within a single timeframe-based evaluation round defined in the call.
4. The subsidy application procedure consists of three phases:
  - a) administrative verification,
  - b) technical evaluation and selection<sup>29</sup> based on auction results.
5. The MoF commission shall recommend those subsidy applications which complied with the technical evaluation conditions based on the evaluation criteria approved by the Commission.
6. Where the subsidy application complies with all the conditions for granting aid as specified in the call and where a sufficient allocation has been provided in the call for the purposes of financing the project, the implementing authority shall issue an approval decision for the subsidy application and send it to the successful applicant.
7. Where the subsidy application does not comply with any of the conditions for granting aid as specified in the call or where a sufficient allocation has not been provided in the call for the purposes of financing the project, the implementing authority shall issue a non-approval decision for the subsidy application<sup>30</sup> and send it to the applicant.
8. On the website [www.mhsr.sk](http://www.mhsr.sk), a list of approved and non-approved subsidy applications will be published by the implementing authority for each call, sorted in an order determined by the procedure based on the results of the technical evaluation or auction.
9. The implementing authority shall enter into a Subsidy Agreement with the successful applicant.
10. The Subsidy Agreement under which aid is granted shall contain an obligation of the beneficiary that it would comply with all conditions under which aid has been granted to it and that the beneficiary would return the granted aid upon its breach of such conditions.
11. The Subsidy 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)

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<sup>29</sup> The selection is made or the selection criteria are applied only where the amount of the available allocation per call is lower than the subsidy amount in subsidy applications which complied with the criteria of technical evaluation.

<sup>30</sup> The minimum requirements for a decision (approval, non-approval or suspension of procedure), including the justification and instructions on the applicable remedy, are defined in the Central Coordinating Authority's Template No. 22 available at [www.partnerskadohoda.gov.sk](http://www.partnerskadohoda.gov.sk).

as amended. The Subsidy Agreement enters into force on the day following the day of its publication in the Central Register of Contracts.

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

13. The subsidy 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.

## **P. OVERALL BUDGET**

Estimated average annual volume of financial resources from the Modernisation Fund for the implementation of this Scheme is EUR 40,000,000. The indicative amount of expenditure planned under this scheme for the period 2021 - 2030 is EUR 400 000 000.

The specific amount of funds allocated for the relevant call shall be published by the implementing authority following the launch of the relevant call on the website [www.mhsr.sk](http://www.mhsr.sk).

## **R. TRANSPARENCY AND MONITORING**

Following the entry into force of the 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, on the websites: [www.minzp.sk](http://www.minzp.sk) and [www.mhsr.sk](http://www.mhsr.sk) at least for the period of its effectiveness.

The transparency of the scheme and the publication of all of the approved subsidy applications shall be ensured by the granting authority or the implementing authority in accordance with the General Block Exemption Regulation.

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.

Pursuant to §16(4) of the State Aid Act, by the end of February of a calendar year, the granting authority is required to submit to the Anti-monopoly Office of the Slovak Republic, as the aid coordinator, a report on State aid it had provided for the previous calendar year.



The implementing authority verifies compliance with all of the conditions set out in this Scheme and compliance with the ceiling for the maximum aid amount and aid intensity under Article K of this Scheme.

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.<sup>31</sup>

## **S. CONTROL AND AUDIT**

The performance of financial controls, internal 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 regulation and Council Regulation (Euratom, EC) No 2185/9651 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 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.

Entities involved in the financial control and audit are as follows:

- (a) authorised employees of the granting authority and the implementing authority;
- (b) Ministry of Finance of the Slovak Republic SR;
- (c) Supreme Audit Office of the Slovak Republic;
- (d) Government audit office;
- (e) Certification Body and persons authorised by it;
- (f) EU control bodies.

The granting authority/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/implementing authority shall in particular check the economy and effectiveness of the granted aid and compliance with the Subsidy Agreement and the Scheme. For this purpose, the granting authority/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

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<sup>31</sup> Article 12 of the General Block Exemption Regulation.

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 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 working 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 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 ensure that the contract with a supplier stipulates an obligation of the supplier to suffer the financial control/audit in relation to the delivered goods, works and services whenever carried out during the validity and effectiveness of the Subsidy Agreement by authorised persons referred to in the second paragraph of this Article. In the contract with a supplier, the beneficiary shall also specify the conditions for the supplier to provide any necessary cooperation to authorised persons referred to in the second paragraph of this Article.

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. The granting authority shall ensure the publication of the Scheme in the Commercial Journal and on its website: [www.minzp.sk](http://www.minzp.sk) within 10 business days of its publication in the Commercial Journal. Immediately after this Scheme becomes effective, the implementing authority shall ensure its publication and availability in full wording on its website 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 Subsidy Agreement may be entered into with aid beneficiaries following the approval of the subsidy application in a way that it becomes effective until 31 December 2030. Eligible expenditure may be reimbursed until *31 December 2032*. The concluded Subsidy Agreement must become effective by that date.

## **U. 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 eligible costs

## **Annex 1**

### **Annex 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. CALCULATION OF THE 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 realised within one year or over a period of several years. If an investment project 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 at 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](https://ec.europa.eu/competition/state_aid/legislation/reference_rates.html)

The eligible investment expenditure is discounted to their 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 realised 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 realisation, at nominal value.
- **Discount rate** is expressed in a decimal format (e.g. a discount rate of 0.12% is expressed as 0.0012).
- **n** = 0,1,2,3... represents the numerical designation of the relevant year in which the investment is realised 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 2021. The applicant intends to realise the investment in the years 2021, 2022 in the following volumes of eligible expenditure: in 2021...EUR 100,000  
in 2022...EUR 50,000

In order to calculate the present value of eligible expenditure, the following formula is used:

<b>OV/ (1+ discount rate)<sup>n</sup></b>				
<b>n</b>	<b>Year</b>	<b>OV amount [EUR]</b>	<b>Conversion formula</b>	<b>Present value of OV (discounted OV) [EUR]</b>
0	2021	100,000.00	$100,000 / (1 + 0.0012)^0$	100,000.00
1	2022	50,000.00	$50,000 / (1 + 0.0012)^1$	49,940.07
				<b>149,940.07</b>

The discounted eligible expenditure amount is EUR 149,940.07.

### Example 2

The case is assessed in 2021. The applicant intends to realise the investment in the years 2022, 2023, 2024 in the following volumes of eligible expenditure:

in 2021...EUR 50,000  
in 2022...EUR 50,000  
in 2023...EUR 75,000

In order to calculate the present value of eligible expenditure, the following formula is used:

<b>OV/ (1+ discount rate)<sup>n</sup></b>				
<b>n</b>	<b>Year</b>	<b>OV amount [EUR]</b>	<b>Conversion formula</b>	<b>Present value of OV (discounted OV) [EUR]</b>
0	2021	-	-	-
1	2022	50,000.00	$50,000 / (1 + 0.0012)^1$	49,940.07
2	2023	50,000.00	$50,000 / (1 + 0.0012)^2$	49,880.22
3	2024	75,000.00	$75,000 / (1 + 0.0012)^3$	74,730.65
				<b>174,550.94</b>

The discounted eligible expenditure amount is EUR 174,550.94.

## **DSCOUNTING THE AMOUNT OF AID GRANTED IN SEVERA INSTALMENTS (SUBSIDY, NON-REPAYABLE GRANT)**

### **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 at 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 its website:

[https://ec.europa.eu/competition/state\\_aid/legislation/reference\\_rates.html](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 amount of aid expressed as the gross grant equivalent;
2. the discount rate.

The gross grant equivalent is the aid amount before income tax paid.

### **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:

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

- **VP** = amount of aid at the time of granting, expressed as the gross grant equivalent,
- **Discount rate** is expressed in a decimal format (e.g. a discount rate of 0.12% is expressed as 0.0012).
- **n** = 0,1,2,3... 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 2021. Aid is granted in the form of a subsidy totalling EUR 200,000, in two instalments: in 2021...EUR 100,000  
in 2022...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	OV amount [EUR]	Conversion formula	Present value of OV (discounted OV) [EUR]
0	2021	100,000.00	$100,000 / (1 + 0.0012)^0$	100,000.00
1	2022	100,000.00	$100,000 / (1 + 0.0012)^1$	99,880.14
				<b>199,880,14</b>

Of the subsidy granted in an amount of EUR 200,000, the amount of aid represents EUR 199,880.14.

### Example 2

The case is assessed in 2021. Aid is granted in the form of a subsidy totalling EUR 200,000, in two instalments: in 2022...EUR 100,000  
in 2023...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	OV amount [EUR]	Conversion formula	Present value of OV (discounted OV) [EUR]
0	2021	-	-	-
1	2022	100,000.00	$100,000 / (1 + 0.0012)^1$	99,880.14
2	2023	100,000.00	$100,000 / (1 + 0.0012)^2$	99,760.43
				<b>199,640.57</b>

Of the subsidy granted in an amount of EUR 200,000, the amount of aid represents EUR 199,640.57.

[https://www.eex.com/fileadmin/EEX/Downloads/Trading/Calendar/Auction\\_Calendar/EEX\\_Auction\\_Calendar\\_21.12.2020.pdf](https://www.eex.com/fileadmin/EEX/Downloads/Trading/Calendar/Auction_Calendar/EEX_Auction_Calendar_21.12.2020.pdf)