

**Part III.6 - Supplementary information sheet for State aid for
environmental protection and energy**

This supplementary information sheet must be used for the notification of any aid covered by the Guidelines on State aid for environmental protection and energy 2014–2020 (hereinafter 'the EEAG')¹.

All documents provided by Member States as annexes to the notification form must be numbered and document numbers must be indicated in the relevant sections of this supplementary information sheet.

If there are several beneficiaries involved in an individual aid measure, the relevant information must be provided for each of them.

This supplementary information form is to be filled in in addition to the 'Part I. General information' form.

SCOPE

General Block Exemption Regulation

Before completing this notification form you should consider whether this measure could be implemented under Commission Regulation (EU) No 651/2014 (the General Block Exemption Regulation ("the GBER"))², and in particular section 7 of chapter III thereof (Aid for environmental protection).

Could the aid be implemented under the GBER?

yes no

If the aid could be implemented under the GBER, please explain why the measure is notified.

This is an amendment to an existing scheme that is providing operating aid in the form of a tariff. As such the scheme beneficiaries are already receiving aid and therefore any amendments could not comply with the incentive effect conditions under the GBER.

De minimis Regulation:

Before completing this notification form you should consider whether this measure could be implemented under the *de minimis* Regulation³:

Could the aid be implemented under the *de minimis* Regulation?

yes no

¹ OJ C 200, 28.6.2014, p. 1. For some details concerning the use of this supplementary notification sheet in agriculture and the fishery and aquaculture sectors see point 14 of the EEAG.

² 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 (OJ L 187, 26.6.2014, p. 1).

³ Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (OJ L 352, 24.12.2013, p. 1).

If the aid could be implemented under the *de minimis* Regulation, please explain why the measure is notified.

In many cases the amount of aid will exceed the maximum allowable under the *de minimis* regulation.

.....
This form should only be completed for notification of State aid which is intended to be implemented under the EEAG. Please fill in the relevant parts of the notification form corresponding to the character of the notified measure.

Section A: General information on environmental and energy aid measures

1. Please specify the type of aid below and then complete the appropriate part of section B of this supplementary information sheet ("General compatibility assessment"). If the scheme provides more than one type of aid in the list below you should complete section B for each box ticked.

If the measure is aid in the form of reductions in, or exemptions from, environmental taxes, or from funding the support for energy from renewable energy sources⁴, please fill in Section C of the form ("Compatibility assessment for aid in the form of reductions in or exemptions from environmental taxes and in the form of reductions in funding support for energy from renewable sources").

- (a) Aid for undertakings which go beyond Union standards or which increase the level of environmental protection in the absence of Union standards;
- (b) Aid for the acquisition of new transport vehicles which go beyond Union standards or which increase the level of environmental protection in the absence of Union standards;
- (c) Aid for early adaptation to future Union standards;
- (d) Aid for renewable energy sources;

- Please confirm that the measure only supports energy from renewable energy sources as defined in point 19(5) and 19(11) of the EEAG.

Yes.

- For biofuels, please confirm that the measure only supports sustainable biofuels as defined in point 19(9) of the EEAG.

Not applicable.

⁴

See section 3.7 of EEAG, aid in the form of reductions in or exemptions from environmental taxes and in the form of reductions in funding support for electricity from renewable sources.

- (e) Aid for energy efficiency measures;
 - Please confirm that the measure only supports efficiency measures as defined in point 19(2) of the EEAG.

.....

.....
- (f) Aid for energy efficient district heating or cooling measures;
 - Please confirm that the measure only supports energy efficient district heating or cooling measures as defined in point 19(14) of the EEAG.

.....

.....
- (g) Aid for high efficient cogeneration;
 - Please confirm that the measure only supports high efficient cogeneration as defined in point 19(13) of the EEAG.

.....

.....
- (h) Aid for waste management;
- (i) Aid for environmental studies;
- (j) Aid for the remediation of contaminated sites;
- (k) Aid for the relocation of undertakings;
- (l) Aid involved in tradable permits schemes;
- (m) Aid for energy infrastructure;
- (n) Aid for CO₂ capture, transport and storage (CCS);
- (o) Aid for generation adequacy measures;
- (p) Aid in the form of reductions in or exemptions from environmental taxes;
- (q) Aid in the form of reductions in funding support for energy from renewable sources.

2. Please provide a detailed description of the main characteristics of the notified measure (objective, likely effects of the aid, aid instrument, aid intensity, beneficiaries, budget, conditions, etc.).

3. Can the aid be combined with other aid?

yes no

If the answer is yes, please explain and fill in the section on cumulation in the proportionality section of section B.

The Northern Ireland Renewable Heat Incentive (NI RHI) Regulations exclude applicants in possession of certain support from public funds from being accredited onto the scheme. However, in certain specified circumstances applicants were able to access the RHI by repaying their grant to the person or authority who made it, provided their installation was completed and first commissioned after 1st September 2010. In such cases, where applicants have received other public support which is not classed as

a grant from public funds according to the Regulations, this cumulated aid (i.e. the RHI operating aid and the other support from public funds) was provided on the basis of the de minimis regulation.

4. In case the notified measure concerns a scheme, please tick the box in this point to confirm that any aid awarded under the notified scheme will be notified individually if it exceeds the thresholds laid down in point 20 of the EEAG:

yes

5. In case the notified individual aid is based on an approved scheme, please provide details concerning that scheme (case number, title of the scheme, date of Commission approval):

Not applicable

6. If applicable, please indicate the exchange rate which has been used for the purposes of the notification:

Not applicable

7. Please indicate whether such conditions are attached to the measure, including its financing method when it forms an integral part of it, that can entail a non-severable violation of Union law (point 29 of the EEAG).

yes no

If the answer is yes, please explain how compliance with Union law is ensured.

.....

Section B: General compatibility assessment

1. Contribution to an objective of common interest

To answer the questions in this section, please refer to section 3.2.1 of the EEAG and where further specified to sections 3.2 – 3.6 and 3.8 – 3.10 of the EEAG.

State aid schemes

1. In the light of the objectives of common interest addressed by the EEAG, please indicate the environmental or energy objectives pursued by the notified measure⁵. Please provide a detailed description of each distinct type of aid to be granted under the notified measure:

⁵ When introducing a measure co-financed by the European Structural and Investments Funds, Member States may rely on the reasoning in the relevant Operational Programmes in indicating the environmental or energy objectives pursued.

The primary objective is a reduction in carbon emissions by undertakings, because they are generating useful heat using a renewable form of energy rather than by using fossil fuels.

2. Has the notified measure already been applied in the past?

yes no

If yes, please indicate its results in terms of environmental protection or energy system improvements, the relevant case number and date of Commission approval and, if possible, attach national evaluation reports on the measure:

As detailed in the State aid pre-notification paper the scheme has been operating since 2012 and is part of a strategy to ensure by 2020 that 10% of all heat in Northern Ireland is from renewable sources.

The Commission State aid approval number is SA.34140 and the date of approval was 12 June 2012.

There is no national evaluation report, but an extensive review of the scheme and a public consultation exercise are to be undertaken in 2017.

3. If the measure is new, please indicate the expected results and the period over which they will be achieved, as well as how those results will contribute to the achievement of the objective pursued:

Not applicable.

4. Please explain how you ensure that the generation adequacy investment will not contradict the objective of phasing out environmentally harmful subsidies including for fossil fuels, in line with point 220 of EEAG. How are for example demand-side management and interconnection capacity taken into account? Is there for example a preference for low carbon capacity providers in case of equivalent technical performance?

Not applicable

5. In the case of generation adequacy, please explain and clearly define the generation adequacy problem that is expected to arise and the consistency with the generation adequacy analysis regularly carried out by ENTSO-E⁶. Please provide in the answer details in view of the considerations set out in point 221 of the EEAG.

Not applicable

6. In the case of waste management, please confirm that the following conditions are met:

(a) the waste hierarchy principle is respected (see point 118 of the EEAG)

⁶

The European Network of Transmission System Operators for Electricity.

- (b) the investment is aimed at reducing pollution generated by undertakings ("polluters") and does not extend to pollution generated by the beneficiary of the aid (see point 158(a) of the EEAG)
- (c) the aid does not indirectly relieve the polluters from a burden that should be borne by them under Union law, or from a burden that should be considered as a normal company cost for the polluters (see point 158(b) of the EEAG)
- (d) the investment goes beyond the "state of the art" (see point 158(c) of the EEAG)
- (e) the treated materials would otherwise be disposed of, or be treated in a less environmentally friendly manner (see point 158(d) of the EEAG)
- (f) the investment does not merely increase demand for the materials to be recycled without increasing collection of those materials (see point 158 of the EEAG)

Furthermore, please provide details and evidence of compliance with the conditions mentioned in this point:

Not applicable

- 7. In the case of tradable permits, please describe in detail the tradable permit scheme, including inter alia the objectives, the granting methodology, the authorities or entities involved, the role of the State, the beneficiaries and the procedural aspects:

Not applicable

Please explain how:

- (a) the tradable permit scheme is set up in such a way as to achieve environmental objectives beyond those intended to be achieved on the basis of Union standards that are mandatory for the undertakings concerned:

- (b) the allocation is carried out in a transparent way and based on objective criteria and on data sources of the highest quality available:

- (c) the total amount of tradable permits or allowances granted to each undertaking for a price below their market value is not higher than its expected needs as estimated for the situation in the absence of the trading scheme:

- (d) the allocation methodology does not favour certain undertakings or certain sectors;

.....

In case the allocation methodology favours certain undertakings or certain sectors, please explain how that is justified by the environmental logic of the scheme itself or is necessary for consistency with other environmental policies:

.....

- (e) new entrants must not in principle receive permits or allowances on more favourable conditions than existing undertakings operating on the same markets:

.....

- (f) granting higher allocations to existing installations compared to new entrants should not result in creating undue barriers to entry:

.....

Please provide details and evidence demonstrating compliance with the conditions mentioned in this point:

.....

Individually notifiable aid – additional information

- 8. If the aid is to be made available to individual undertakings please provide as much as possible quantifiable information to demonstrate the contribution to the relevant common objective for the notified measure.

Not applicable

2. Need for State Aid

To answer the questions in this section, please refer to section 3.2.2 of the EEAG and where further specified to sections 3.2 – 3.6 and 3.8 – 3.10 of the EEAG.

State aid schemes

- 1. Please identify the market failure which is hampering the level of environmental protection or a well-functioning, secure, affordable and sustainable energy market (see point 35 of the EEAG):

The market failure is that the cost of renewable heating equipment and the cost of renewable sources of energy is substantially higher than the cost of the counterfactual fossil fuel heating quipment and fossil fuels. As a result, without State aid, undertakings will not switch to renewable sources of energy for their heating requirements.

2. If the market failure is already being addressed by other policies or measures, please provide evidence that the notified measure is only targetted at the residual market failure (see point 36 of the EEAG):

Yes, the measure is only targetted at the residual market failure.

3. Please provide detailed information on the nature and the reasons why the notified measure is necessary:

The cost of renewable heating equipment and the cost of renewable sources of energy is substantially higher than the cost of the counterfactual fossil fuel heating quipment and fossil fuels. As a result, without State aid, undertakings will not switch to renewable sources of energy for their heating requirements.

4. In the case of investment in energy infrastructure projects, please explain (see points 206 – 208 of the EEAG):

- (a) To what extent does the measure benefit projects of common interest as defined in Regulation (EU) No 347/2013, smart grids or infrastructure in assisted regions?

Not applicable

- (b) To what extent does the market failure lead to a sub-optimal provision of the necessary infrastructure?

Not applicable

- (c) To what extent is the infrastructure accessible to third parties and subject to tariff regulations?

Not applicable

5. In the case of generation adequacy please provide the following information set out in points 222 to 224 of the EEAG.

- (a) Assessments of the impact of variable generation, including that originating from neighbouring systems.

Not applicable

- (b) Assessment of the impact of the demand-side participation, including a description of measures to encourage demand-side management.

Not applicable

- (c) Assessment of the actual or potential existence of interconnectors including a description of projects under construction and planned projects.

Not applicable

- (d) Assessment of any other element which might cause or exacerbate the generation adequacy problem, such as regulatory or market failures, including for example caps on wholesale prices.

Not applicable

Individually notifiable aid – additional information

6. If the aid is to be made available to individual undertakings please provide clear evidence that the individual undertakings concerned are actually confronted with the market failures or the residual market failures identified above (see points 38 and 39 of the EEAG):

Not applicable

7. To the extent relevant, please provide specific information on:

- (a) whether the market failure is already sufficiently addressed by other policy measures, in particular the existence of environmental or other Union standards, the Union ETS or environmental taxes:

Not applicable

- (b) whether State intervention is needed, taking into account the cost of implementation of national standards for the aid beneficiary in the absence of aid compared to the costs, or absence thereof, of implementation of those standards for the main competitors of the aid beneficiary:

Not applicable

- (c) in the case of coordination failures, the number of undertakings required to collaborate, diverging interests between collaborating parties and practical problems to coordinate collaboration, such as linguistic issues, sensitivity of information and non-harmonised standards:

Not applicable

3. Appropriateness of the aid

To answer the questions in this section, please refer to section 3.2.3 of the EEAG and where further specified to sections 3.2 – 3.6 and 3.8 – 3.10 of the EEAG.

1. Please explain why State aid is the appropriate instrument rather than other policy instruments (non-State aid instruments) or the full implementation of the "polluter pays principle"⁷ (see points 41 – 44 of the EEAG).

⁷

For the purpose of demonstrating the appropriateness of schemes, the Member State can also rely on the results of past evaluations as described in Chapter 4 of the EEAG.

As the market for heat is hard to regulate, unlike electricity, other policy mechanisms (e.g. renewable obligations) are considered impractical and the State aid is considered appropriate to incentivise a change in behaviours.

2. Please explain why the State aid instrument selected is deemed to be the most appropriate State aid instrument to address the policy objective concerned and why it is likely to generate the least distortions of trade and competition in comparison with other State aid instruments (see point 45 – 48 of the EEAG).

In the case of the renewable heating initiative scheme, the operating aid provided essentially covers the difference between the investment and running costs of a renewable heating system and the fossil fuel counterfactual. As such, while the aid assists the undertaking with its investment or operating costs, it is not ‘productive investment’ that improves the productivity of undertakings nor does the aid reduce the undertakings’ running costs and hence improve the undertakings’ level of profitability.

3. In the case of generation adequacy please confirm and explain that the aid is remuneration purely for availability in accordance with point 225 of the EEAG. Please also describe how the measure provides adequate incentives to both existing and future generators and to operators using substitutable technologies, such as demand-side response or storage solutions (such as allowing for different lead times to allow different technologies) in accordance with point 226 of the EEAG. Please explain to what extent interconnection capacity could remedy any possible problem of generation adequacy (as stated in point 226 of the EEAG).

Not applicable

4. Incentive effect

To answer the questions in this section, please refer to section 3.2.4 of the EEAG and where further specified to sections 3.2 – 3.6 and 3.8 – 3.10 of the EEAG.

State aid schemes

1. Is the aid to be awarded on the basis of a competitive bidding process?

yes no

If so, please provide details of the competitive process and attach a copy of the tender notice or its draft.

.....

2. When awarding the aid under the notified measure, is it ensured that work on the project has not started before the submission of the aid application by the beneficiary to the national authorities? Is it ensured that the aid will in no case be paid, and has not been already paid, where work on the aided project had already started prior to the submission of the aid application by the beneficiary to the national authorities⁸?

⁸ 'Start of works' is defined in point 19(44) of the EEAG.

yes no

3. Do the aid applications include at least the applicant's name and in the case of an undertaking, its size, a description of the project, including its location and start and end dates, the amount of public support needed to carry it out, and a list of eligible costs?

yes no

4. Please describe, providing examples, the counterfactual credibility checks that will be carried out to ensure that aid results in the desired incentive effects

The Northern Ireland scheme is based on the Great Britain Renewable Heat Incentive scheme and there is a good body of evidence that the aid is having an incentive effect.

In the Northern Ireland scheme, the reason for this notification, is that because the tariff levels for biomass boilers were set at too high a level, the scheme received too many applications. While some of these applications are from undertakings that are opportunistically taking advantage in a flaw in the design of the NI RHI scheme, the scheme has been very successful in incentivising a switch from fossil fuels to renewable sources of energy for heat.

5. If the purpose of the aid granted is to help with adapting to future Union standards or going beyond Union standards, please provide details of what the aid will consist of, which standards will be met and when or which standards will be exceeded (see points 53 to 55 of the EEAG).

Not applicable

6. If the aid is granted for transport vehicles for road, railway, inland waterway and maritime transport, please provide details relating to the applicability of the Union standards (including geographical scope where relevant) and in particular the retroactive application thereof (see point 54(a) or (b) of the EEAG).

Was a Union standard adopted?

yes no

Not applicable

7. If the answer to question 6 is yes, please confirm whether it has entered into force. If it is not in force yet, by what date will it enter into force?

yes no

Not applicable

8. If the answer to question 6 is yes, will the investment be implemented and finalised at least one year before the date the Union standard concerned enters into force?

yes no

Please explain by what date the will investment be finalised:

Not applicable

9. If the aid concerns energy audits of large enterprises, can you confirm that the aid does not pay for an energy audit that the beneficiary is required to undertake under Directive 2012/27/EU on Energy Efficiency⁹?

yes no

Not applicable

Individually notifiable aid – additional information

10. If the aid is to be made available to individual undertakings please provide clear evidence that the aid has an incentive effect on the investment decision, that it changes the behaviour of the beneficiary leading either to an increase in the level of environmental protection or leading to a better functioning of the Union energy market (see section 3.2.4.2 of the EEAG):

Not applicable

11. Please clarify what advantages the supported project will bring to the beneficiary, in particular production advantages for example an impact on capacity and product quality (see point 59 of the EEAG):

Not applicable

12. Please provide, explain and justify the counterfactual scenario for the individual undertaking involved (see point 60 of the EEAG):

Not applicable

13. Please provide profitability for the project concerned and typical normal rates of return accepted by the undertaking for other investments of a similar kind. Please provide evidence in support of the information provided (see points 61 – 65 of the EEAG):

Not applicable

14. In case of a Union standard which is applicable or which will be applicable, please provide evidence, including quantitative information, that that standard does not remove the incentive effect of the aid (see points 66 – 68 of the EEAG):

Not applicable

⁹

That requirement is not applicable to SMEs and is without prejudice to the assessment of the incentive effect of State aid for energy-efficiency measure prescribed by or carried out as a result of the energy audit or those resulting from other tools (see points 56 and 57 of the EEAG).

5. Proportionality

To answer the questions in this section, please refer to section 3.2.5 of the EEAG and sections 3.2 – 3.6 and 3.8 – 3.10 of the EEAG.

If the measure concerns investment aid only, please fill in the first part of this section. If the aid is operational aid, please fill in the second part of this section. If the measure consists of both investment and operating aid both sections should be completed.

5.1 State aid schemes

5.1.1 Investment aid schemes

This section is not applicable to the NI RHI scheme

The aid amount per beneficiary should be limited to the minimum required to achieve the level of environmental protection or energy objective aimed for. As a general principle aid will be deemed limited to the minimum necessary if the aid corresponds to the total net extra cost necessary to meet the objective compared to the counterfactual scenario (see section 3.2.5 of the EEAG, point 70).

For aid to energy efficient district heating and cooling projects, this section is only applicable to the production plant. For the infrastructure part the funding gap approach for energy infrastructure should be used (see section 5.1.2 operating aid schemes) (point 76 of the EEAG).

5.1.1.1 Eligible costs¹⁰: please provide the details of the eligible costs as appropriate.

- (1) Please confirm that the eligible costs are limited to the extra investment costs necessary to achieve the objective of common interest and do not exceed an aid intensity of 100%:

yes

- (2) Please confirm the following by ticking the appropriate box and provide explanations about:

the precise environmental protection related cost constitutes the eligible costs, if the cost of investing in environmental protection can be easily identified;

OR

the extra investment costs are established by comparing the aided investment with the counterfactual situation in the absence of aid, that is to say the reference investment¹¹

.....

- (3) The counterfactual scenario can be difficult to establish in integrated projects such as integrated energy-efficiency measures or biogas projects. Where a counterfactual scenario cannot be established the Commission may consider the total costs of the

¹⁰ For details see points 72 to 76 of the EEAG.

¹¹ The correct counterfactual is the cost of a technically comparable investment that provides a lower degree of environmental protection (corresponding to mandatory Union standards in force) which could possibly be carried out without aid. See point 73(b) of the EEAG. For instance see list provided in Annex 2 to the EEAG. In case the reference investment is not the one listed in Annex 2, please explain and justify its appropriateness.

project as an alternative which may imply lower aid intensities to reflect the calculation of the eligible costs (see point 75 of the EEAG).

If you propose to use that approach please explain in detail the reason for doing so and provide the details of the calculation, in particular showing how the maximum aid intensities are appropriately adjusted:

.....

- (4) Please provide a detailed calculation methodology, by reference to the counterfactual situation, which will be applied to all individual aid grants based on the notified scheme, and provide the relevant evidence:

.....

- (5) What form do the eligible costs take?
 - (a) investments in tangible assets
 - (b) investments in intangible assets

If the investment relates to tangible assets please complete point 6; if it relates to intangible assets please complete point 7. If the investment relates to both tangible and intangible assets both points 6 and 7 should be completed.

- (6) In case of investments in tangible assets please indicate the form(s) of investments concerned:

- (a) investments in land which are strictly necessary in order to meet environmental objectives;
- (b) investments in buildings intended to reduce or eliminate pollution and nuisances;
- (c) investments in plant and equipment intended to reduce or eliminate pollution and nuisances;
- (d) investments to adapt production methods with a view to protecting the environment.

- (7) In case of investments in intangible assets (technology transfer through the acquisition of operating licenses or of patented and non-patented know how) please confirm that any such intangible asset satisfies the following conditions:

- (a) it is regarded as a depreciable asset;
- (b) it is purchased on market terms, from an undertaking over which the acquirer has no direct or indirect control;
- (c) it is included in the assets of the undertaking, and remains in the establishment of the recipient of the aid and is used there for at least five years¹².

Furthermore, please confirm that if the intangible asset is sold during the first five years:

- the yield from the sale will be deducted from the eligible costs;
- and

¹² Please note that this condition does not apply if the intangible asset is technically out of date.

all or part of the amount of aid will, where appropriate, be reimbursed.

If the investment relates to Union standards, please fill in point 8.

(8) In case of measures aiming at obtaining a level of environmental protection higher than Union standards, please confirm the relevant statements¹³ by ticking the relevant box:

- (a) if the undertaking is adapting to national standards adopted in the absence of Union standards, the eligible costs consist of the additional investment costs necessary to achieve the level of environmental protection required by the national standards;
- (b) if the undertaking is adapting to or goes beyond national standards which are more stringent than the relevant Union standards or goes beyond Union standards, the eligible costs consist of the additional investment costs necessary to achieve a level of environmental protection higher than the level required by the Union standards¹⁴;
- (c) if no standards exist, the eligible costs consist of the investment costs necessary to achieve a higher level of environmental protection than that which the undertaking or undertakings in question would achieve in the absence of any environmental aid.

5.1.1.2 Aid intensity and bonuses

The aid intensities which are allowed for the different measures can be found in Annex 1 to the EEAG.

(9) What is the basic aid intensity applicable to the notified measure (without any bonus, see point 10 below)?

.....

(10) Bonuses:

Bonus for assisted regions

(a) Is a bonus envisaged due to the investment being located in an assisted area¹⁵?

yes no

If so, please specify the amount of bonus applicable (as percentage of the eligible costs):

(b) Please confirm that if the aid or bonus for regions covered by Article 107(3)(a) TFEU is granted, only beneficiaries located in the regions referred to in Article 107(3)(a) TFEU as defined in point 19(46) of the EEAG are eligible for such aid/bonus:

yes

¹³ See Annex 2 to the EEAG: The extra investment costs consist of the additional investment costs necessary to go beyond the level of environmental protection required by the Union standards.

¹⁴ Please note that the cost of investments needed to reach the level of protection required by the Union standards is not eligible.

¹⁵ See point 78(a) of the EEAG.

(c) Please confirm that if the aid or bonus for regions covered by Article 107(3)(c) TFEU is granted, only beneficiaries located in Article 107(3)(c) regions as defined in point 19(46) of the EEAG are eligible for such aid/bonus:

yes

SME bonus

(d) Is an SME bonus¹⁶ applied under the notified measure?

yes no

If so, please specify the amount of bonus applicable (as percentage of the eligible costs):

(e) Please confirm that if the aid/bonus for small enterprises is granted, the beneficiaries comply with the definition for small enterprises as defined in point 19(17) of the EEAG:

yes

(f) Please confirm that if the aid/bonus for medium enterprises is granted, the beneficiaries comply with the definition for medium enterprises as defined in point 19(17) of the EEAG:

yes

Eco-innovation bonus

(g) Is an eco-innovation bonus¹⁷ applied under the notified measure?

yes no

(h) If so, please specify the level of bonus applicable and explain how the specific requirements set out in point 78(c)(i) to (iii) of the EEAG are fulfilled:

.....

Bidding process

(i) Is the aid granted in a genuinely competitive bidding process¹⁸?

yes no

If the answer is yes, please provide details of the competitive process and evidence of compliance with point 19(43) of the EEAG. Please attach a copy of the tender notice or its draft:

.....

¹⁶ See point 78(b) of the EEAG.

¹⁷ See point 78(c) of the EEAG. 'Eco-innovation' is defined in point 19(4) of the EEAG.

¹⁸ For details of the genuinely competitive bidding process required, see the definition in point 19(43) of the EEAG.

- (11) Please specify the total aid intensity of the projects supported under the notified scheme as a percentage, taking into account the basic aid intensity and the bonuses:

.....

5.1.1.3 Cumulation (see Section 3.2.5.2 of the EEAG)

- (12) Is the aid granted under the notified measure combined with other aid?

yes no

- (13) If the answer to point 12 is yes, please describe the cumulation rules applicable to the notified aid measure (see points 81 and 82 of the EEAG):

.....

- (14) Please specify whether the process to ensure compliance with cumulation rules will be verified under the notified aid measure:

.....

5.1.2 Operating aid schemes

5.1.2.1 Operating aid for energy from renewable sources

1. Please specify the type(s) of renewable energy sources supported under the notified measure and provide details.

Please note that the aid for investment or operating aid for the production of biofuels can be allowed only with regard to sustainable biofuels. No investment aid for food based biofuels can be granted, and operating aid can only be granted until 2020 unless the plant is already depreciated. Please confirm that those conditions are being met (see point 113 of the EEAG):

As detailed in the notification documents, the types of renewable sources support are: biomass, heat pumps, solar, biomethane and biogas.

2. If hydro power is supported, please confirm compliance with Directive 2000/60/EC¹⁹.

yes no

3. If waste is supported, please confirm that the waste hierarchy is not circumvented.

yes no

Biofuels

¹⁹ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

4. Please explain whether aid is granted to food-based biofuels and, if it is granted, under what conditions such aid is granted (see point 113 of the EEAG).

Not applicable.

5. If the measure promotes biofuels, please confirm that all the following conditions regarding food-based biofuels are met:

- (a) The operating aid for food-based biofuels is granted only until 2020:

yes no

- (b) The operating aid for food-based biofuels is granted exclusively to plants that started operations before 31 December 2013:

yes no

and

- (c) The operating aid for food-based biofuels is limited to plants which are not fully depreciated:

yes no

6. Please specify whether there is a supply or blending obligation for biofuels or whether it is envisaged:

yes no

If so, please explain and provide evidence to prove that the aided biofuels are subject to the supply or blending obligation. Please explain whether the aided biofuels are more expensive than biofuels that could come on the market with the obligation only (and without aid). For guidance, see point 114 of the EEAG.

.....

Cooperation agreements in the framework of the Renewable Energy Directive²⁰

7. Please specify whether a cooperation agreement is in place:

yes no

If yes, please explain and provide details of the cooperation agreement (see point 122 of the EEAG):

Not applicable

²⁰ Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (OJ L 140, 5.6.2009, p. 16).

5.1.2.1.1 Operating aid for electricity from renewable sources (until plant depreciation)

8. Please confirm that the aid will be granted only until the plant has been fully depreciated according to normal accounting rules and provide explanations accordingly:

yes no

.....

9. Please confirm that investment aid previously received will be deducted from the operating aid and provide explanations accordingly:

yes no

.....

In order to incentivise market integration it is important that beneficiaries sell their electricity in the market and are subject to market obligations (see points 124 and 125 of the EEAG).

10. Please confirm that aid is granted in addition to the market price charged by generators selling directly in the market (see point 124(a) of the EEAG):

yes no

If so, please explain in detail how that condition is implemented in practice:

.....
.....

11. Please confirm that beneficiaries are subject to standard balancing responsibilities:

yes no

If so, please explain in detail the balancing responsibilities applicable for generators of renewable energy and the responsibilities applicable for other generators (see point 124(b) of the EEAG):

.....
.....

If the answer is no, do you consider that there is no liquid intra-day market in your country?

yes no

If the answer is no, please explain in detail and justify why balancing responsibilities are not applicable for generators of renewable energy:

.....
.....

12. Please confirm that there are measures in force to ensure that generators have no incentive to generate electricity at negative prices (see point 124(c) of the EEAG):

yes no

Please explain in detail how this is ensured in practice:

.....
.....

13. Does the scheme provide aid for installations, except wind energy, with an installed electricity capacity of less than 500 kW?

yes no

If so, please explain whether it applies to all beneficiaries or only to a subgroup of beneficiaries. Please detail whether the conditions of point 124 of the EEAG apply to such installations:

.....
.....

14. Does the scheme provide aid for demonstration projects as defined in the EEAG? (see point 127 of the EEAG)

yes no

If so, please detail and provide evidence that such projects meet all the conditions set out in the definition of the EEAG (point 19(45) of the EEAG).

.....
.....

If so, please explain whether it applies to all beneficiaries or to a subgroup of beneficiaries only. Please detail whether the conditions of point 124 of the EEAG apply to demonstration projects.

.....
.....

15. Does the scheme provide aid for wind energy installations with an installed electricity capacity of less than 3 MW or 3 generation units? (see point 125 of the EEAG)

yes no

If so, please detail the installations that are covered by this provision:

.....
.....

If so, please explain whether this applies to all beneficiaries or only a subgroup of beneficiaries. Please detail whether the conditions of point 124 of the EEAG apply to such installations:

.....

In a transitional phase covering the years 2015 and 2016, aid for at least 5% of the planned new electricity capacity from renewable energy sources should be granted in a competitive bidding process on the basis of clear, transparent and non-discriminatory criteria (See points 124 and 125 of the EEAG).

16. Please confirm that aid for at least 5% of the planned new electricity capacity from renewable energy sources should be granted in a competitive bidding process:

yes no

17. Please explain in detail how the condition laid down in this point is implemented in practice, including the calculation of the minimum 5% for both 2015 and 2016:

.....

18. From 1 January 2017 operating aid is in principle granted in a competitive bidding process on the basis of clear, transparent and non-discriminatory criteria, unless exceptions apply (see point 126 EEAG). Please confirm that the aid is granted in a competitive bidding process:

yes no

If so, please explain in detail the bidding process:

.....

If the answer is no, please explain whether one of the following reasons is applicable:

- (a) very limited number of eligible projects;
- (b) higher support levels would arise in case of a bidding process;
- (c) low realisation rates would result (projects that would be constructed);

19. Please detail, substantiate and explain the reasons for not applying a competitive bidding process. Please provide quantitative and qualitative evidence that one of the reasons invoked would actually occur:

.....

If the answer to this point is no, please fill in section 5.1.2.1.2: operating aid for energy from renewable sources other than electricity (until plant depreciation).

20. Please indicate whether the competitive bidding process is open to all generators producing electricity from renewable sources:

yes no

If so, please explain the openness of the bidding process:

.....
.....

If the answer is no, please explain whether one of the following reasons is applicable:

- (a) longer term potential of new innovative technology;
- (b) need to achieve diversification;
- (c) network constraints and grid stability;
- (d) system (integration) costs;
- (e) biomass: need to avoid distortions on the raw material market;

21. Please detail, substantiate and explain in detail the reasons for making an exception to the competitive bidding process open to all generators. Please provide quantitative and qualitative evidence that effectively there would be a situation involving one of the reasons listed in point 20:

.....
.....

22. Please detail, substantiate and explain in detail why the reasons for applying an exception cannot be addressed in the tender design (see point 124 of the EEAG):

.....
.....

23. Does the scheme provide aid for installations, except wind energy, with an installed electricity capacity of less than 1 MW?

yes no

If so, please explain whether it applies to all beneficiaries or to a subgroup of beneficiaries only. Please detail whether such installations will be granted aid in a competitive bidding process:

.....
.....

24. Does the scheme provide aid for demonstration projects as defined in the EEAG?

yes no

If so, please explain whether it applies to all beneficiaries or to a subgroup of beneficiaries only. Please detail whether such installations will be granted aid in a competitive bidding process:

.....
.....

25. Does the scheme provide aid for wind energy installations with an installed electricity capacity of less than 6 MW or 6 generation units?

yes no

If so, please provide details of the installations that are covered by this provision:

.....

If so, please explain whether it applies to all beneficiaries or to a subgroup of beneficiaries only. Please detail whether such installations will be granted aid in a competitive bidding process:

.....

5.1.2.1.2 Operating aid for energy from renewable sources other than electricity (until plant depreciation)

26. Please provide the following information to show that the operating aid granted does not exceed the difference between the levelised costs of producing energy (LCOE) from the technology in question and the market price of the form of energy concerned:

- detailed analysis of the cost of producing energy of the technology concerned in the form of LCOE per units of each of the renewable sources²¹:

[See attached analysis in the NI RHI business case](#)

- detailed analysis of the market price of the form of energy concerned:

[As detailed in the notification paper, this plan is a one year plan to bring the budget of the scheme back in check. There will then be a review and a public consultation on the future of the RHI scheme.](#)

27. Please provide evidence that the aid will be granted only until the plant has been fully depreciated according to normal accounting rules and provide a detailed analysis of the depreciation of each type of the investments for environmental protection (see point 131(d) of the EEAG):

[This is fundamental feature of the scheme design](#)

28. For aid schemes, please specify how the compliance with the condition in point 131(d) of the EEAG will be ensured:

[This question is assumed to relate to 132\(d\) of the EEAG. The tariff levels are set to comply with condition in point 132\(d\)](#)

29. When determining the amount of operating aid, please demonstrate how any investment aid granted to the undertaking in question in respect of a new plant is deducted from production costs:

²¹ For aid schemes the information can be provided in the form of atypical calculation (or several examples).

There is no investment aid provided under the NI RHI scheme

30. Does the aid also cover a normal return on capital?

yes no

If so, please provide details and information or calculations showing the rate of normal return and give reasons why the chosen rate is appropriate:

See paragraphs 63 and 64 in the initial State aid decision SA34140. The current notification relates to measures that aim to return the return on capital to the original target of 12%. The analysis in relation to this is set out in the attached business case.

31. Are the production costs updated regularly and at least once a year?

yes no

Please provide details and explanations:

Production costs will be updated regularly and at least once a year.

5.1.2.1.3 Operating aid for existing biomass plants after plant depreciation.

Operating aid for biomass after plant depreciation may be compatible with the internal market if a Member State demonstrates that the operating costs borne by the beneficiary after plant depreciation are still higher than the market price of the energy concerned (point 133 of the EEAG).

32. Please confirm and explain that the aid is granted only on the basis of the energy produced from renewable sources:

DfE can confirm that the aid is only granted on the basis of energy produced. As detailed earlier the NI RHI payments are based on metered heat output.

33. Please provide the following information:

- detailed analysis of the operating cost of producing energy from biomass after plant depreciation:

This analysis was set out in the economic appraisal submitted to the Commission in the original notification for the NI RHI scheme. The attached business plan provides an update on the department's current thinking on this analysis, but this will be further refined as a result of the review that will be undertaken in 2017.

- detailed analysis of the market price of the form of energy concerned:

As above, This analysis was set out in the economic appraisal submitted to the Commission in the original notification for the NI RHI scheme.

- detailed analysis of the design of the measure showing that it is meant to compensate only the difference between the operating costs after plant depreciation and the market price of the form of energy concerned:

See comments above.

34. Is there a monitoring mechanism to verify whether the operating costs borne are still higher than the market price of energy concerned?

yes no

Is that monitoring mechanism updated at least on an annual basis?

yes no

Please describe in detail the monitoring mechanism:

DfE has established a RHI Taskforce team to address the deficiencies in the NI RHI scheme and it will be monitoring to ensure operating costs are higher than the market price of energy concerned.

Operating aid for biomass after plant depreciation may be compatible with the internal market if a Member State demonstrates that, irrespective of the market price of the energy concerned, the use of fossil fuels as an input is more economically advantageous than the use of biomass (point 134 of the EEAG).

35. Please confirm and explain that the aid is granted only on the basis of the energy produced from renewable sources:

DfE can confirm that the aid is only granted on the basis of energy produced. As detailed earlier the NI RHI payments are based on metered heat output.

36. Please provide the following information:

- detailed analysis of the operating costs of producing energy from biomass after plant depreciation:

This analysis was set out in the economic appraisal submitted to the Commission in the original notification for the NI RHI scheme. The attached business plan provides an update on the department's current thinking on this analysis, but this will be further refined as a result of the review that will be undertaken in 2017.

- detailed analysis of the operating costs of producing energy from the fossil fuel concerned after plant depreciation:

See previous answer

- detailed analysis of the design of the measure showing that it is meant to compensate only the difference between the operating costs after plant depreciation between the use of biomass and the fossil fuel concerned:

See previous answer

37. Please provide evidence that without the aid there would be a switch from the use of biomass to the use of fossil fuels within the same plant:

This question is based on an assumption that it is possible to easily switch the biomass plant over to a fossil fuel. Given the nature of the biomass technology employed, under the NI RHI scheme this is extremely unlikely. However, it is undoubtedly the case that without aid, because fossil fuels are substantially less expensive, that scheme participants would stop using biomass and would replace their biomass heating systems with conventional fossil fuel systems. Of course in that situation, they would also cease to be eligible for support from the NI RHI scheme.

38. Is there a monitoring mechanism in place to verify whether the operating costs borne for using biomass are still higher than the operating costs borne from using the fossil fuel concerned?

yes no

39. Is that monitoring mechanism updated at least on an annual basis?

yes no

Please describe in detail the monitoring mechanism:

DfE has established a RHI Taskforce team to address the deficiencies in the NI RHI scheme and it will be monitoring to ensure operating costs are higher than the market price of energy concerned.

5.1.2.1.4 Operating aid granted by way of certificates.

40. Please provide a detailed description of the green certificate or tender system (including inter alia the information on the level of discretionary powers, the role of the administrator, the price determination mechanism, the financing mechanism, the penalty mechanism and re-distribution mechanism).

.....

41. What is the duration of the notified measure²²?

.....

²² Please note that the Commission can authorise such notified measures for a period of 10 years.

.....
42. Please provide data or calculations showing that the aid is essential to ensure the viability of the renewable energy sources.

.....
.....
43. Please provide data or calculations showing that the aid does not in the aggregate result in overcompensation for renewable energy.

.....
.....
44. Please provide information or calculations showing that the aid does not dissuade renewable energy producers from becoming more competitive.

.....
.....
45. Please provide information required under section 5.1.2.1.1 operating aid for electricity from renewable sources (until plant depreciation).

.....
.....
46. If for technical reasons the conditions of points 124 and 125 of the EEAG cannot be applied, please provide information or calculations accordingly.

5.1.2.2 Operating aid granted for high efficient Combined heat and Power (CHP) plants.

47. Please fill in the information required in section 5.1.2.1 to the extent that the relevant subsection is applicable:

- For support to electricity from CHP plants until plant depreciation: section 5.1.2.1.1.
- For support to heat from CHP plants until plant depreciation: section 5.1.2.1.2.
- For support to heat or electricity from CHP plants after plant depreciation: section 5.1.2.1.3.
- For support by way of certificates: section 5.1.2.1.4.

48. Please confirm that the operating aid for high efficiency cogeneration is granted exclusively to:

- undertakings distributing electric power and heat to the public, where the costs of producing such electric power or heat exceed its market price²³;

²³ The decision as to whether the aid is necessary will take account of the costs and revenue resulting from the production and sale of the electric power or heat.

- for the industrial use of the combined production of electric power and heat where it can be shown that the production cost of one unit of energy using that technique exceeds the market price of one unit of conventional energy²⁴.

Please provide details and evidence that the relevant condition(s) is/are complied with:

.....
.....

5.1.2.3 Operating aid granted for energy efficiency measures.

- 49.** Please provide information or calculations demonstrating that the aid is limited to compensating for net extra production costs resulting from the investment taking account of benefits resulting from energy efficiency²⁵.

.....
.....

- 50.** What is the duration of the operating aid measure²⁶?

.....

5.1.2.4 Operating aid granted for energy infrastructure and CCS.

- 51.** Please provide information and calculations demonstrating that the aid is limited to compensating for net extra production costs resulting from the investment taking account of costs and benefits of the project.

.....

Please provide a detailed cash flow overview over the lifetime of the project.

.....

Please provide an explanation of the discount rates and rates of return used.

.....

Please provide details about the counterfactual scenario or justify the absence thereof.

.....

- 52.** In the case of CCS, please confirm and provide details demonstrating that the aid does not benefit the CO₂ emitting installation:

.....

²⁴ The production cost may include the plant's normal return on capital, but any gains by the undertaking in terms of heat production must be deducted from production costs.

²⁵ Please note that any investment aid granted to the undertaking in respect of the new plant must be deducted from production costs.

²⁶ Please note that the duration must be limited to maximum 5 years.

53. In the case of energy infrastructure, the eligible costs are therefore the funding gap. Please demonstrate that the aid does not exceed the funding gap by providing detailed calculation and justification for the data used, for example rate of return (see point 211 of the EEAG):

.....

54. What is the duration of the operating aid measure?

.....

5.1.2.5 Operating aid granted for generation adequacy.

55. Describe the built in measures to prevent windfall profits that are in place:

.....

56. Describe the mechanism by which the price paid returns to zero when the capacity supplied is expected to be adequate to meet the level of capacity demanded (see point 231 of the EEAG):

.....

57. Is the scheme based on a competitive bidding process? Please provide details (see point 229 of the EEAG):

.....

58. Please describe the expected rate of return of the beneficiaries under the scheme:

.....

5.1.2.6 Operating aid in tradable permits. See point 235 of the EEAG

59. Please confirm that the scheme complies with all of the following criteria:

- (a) the choice of beneficiaries is based on objective and transparent criteria and the aid is granted in principle in the same way for all competitors in the same sector or relevant market if they are in a similar factual situation;
- (b) full auctioning leads to a substantial increase in production costs for each sector or category of individual beneficiaries;
- (c) the cost increase from the tradable permit scheme can not be passed on to customers without leading to important sales reductions;
- (d) the best performing technique in the EEA was used as a benchmark for the level of the allowance granted.

Please provide details demonstrating how the criteria in this point are applied:

.....

.....

5.2 Individually notifiable aid – additional information

60. For individual aid measures, please provide a detailed calculation of the eligible costs of the notified investment project, by reference to the counterfactual situation, and provide relevant evidence:

.....

61. Please provide detailed descriptions for each of the measures subject to individual notification. The information should not be general, for example sector specific, but as applicable for the individual beneficiary:

.....

6. Avoidance of negative effects

To answer the questions in this section, please refer to section 3.2.6 of the EEAG and where further specified to sections 3.2 – 3.6 and 3.8 – 3.10 of the EEAG.

6.1 State aid schemes

1. Please explain how the distortions of competition and trade caused by the notified aid scheme will be limited to the minimum (see section 3.2.6 of the EEAG).

Distortions of competition and trade will be limited to the minimum by ensuring the tariffs are the minimum necessary to incentivise a switch from fossil fuels to renewable fuels.

2. Is the measure preventing efficient environmental outcomes by more efficient and innovative producers?

yes no

If the answer is no please explain why.

Undertakings availing of the NI RHI scheme are free to switch to a more efficient or innovative system at any stage.

3. Will the aid have distortive effects by strengthening or maintaining the market power of the beneficiary?

No. The NI RHI scheme will have a marginal impact on the market power of the beneficiaries.

4. Was the aid designed in such a way as to allow appropriate parties access to the measure? Please explain what measures have been taken to ensure that access.

Yes. The scheme is open to all companies eligible for aid under the EEAG. The scheme has also been widely publicised throughout Northern Ireland.

For generation adequacy:

5. Please explain how the measure complies with point 233 of the EEAG

.....

6. Please explain how the measure allows any capacity which can effectively contribute to addressing the generation adequacy problem to participate in the measure. (See point 232 of the EEAG)

.....

6.2 Individually notifiable aid – additional information

7. If the aid is to be made available to individual undertakings please provide clear evidence about the negative effects at the level of the undertaking. (See section 3.2.4.2 of the EEAG):

.....

7. Transparency

To answer the questions in this section, please refer to section 3.2.7 of the EEAG and where further specified to sections 3.2 – 3.6 and 3.8 – 3.10 of the EEAG.

1. Please provide references to the relevant provisions in the legal basis stipulating that the granting authority should publish on a central website, or on a single website retrieving information from several websites (for example, regional websites), at least the following information about the notified State aid schemes: the full text of the approved aid scheme or the individual aid granting decision and its implementing provisions, or a link to it, the identity of the granting authority or authorities, the identity of the individual beneficiaries, the form and amount of aid granted to each beneficiary, the date of granting, the undertaking (SME/large company), the region in which the beneficiary is located and the principal economic sector in which the beneficiary has its activities (see section 3.2.7 of the EEAG):

Information on the notified scheme is published on the DfE website in two places:

<https://www.economy-ni.gov.uk/articles/list-ni-state-aid-decisions>

<https://www.economy-ni.gov.uk/articles/renewable-heat-incentive-rhi>

As compliance with the EC’s State aid rules and regulations has direct effect as a result of provision 2(1), General Implementation of Treaties, in the European

Communities Act 1972, there is no need under UK legislation to include transparency provisions in the UK legal basis for the scheme.

2. Please provide the link to the single website:

<https://www.economy-ni.gov.uk/articles/list-ni-state-aid-decisions>

Section C: Compatibility assessment for aid in the form of reductions in or exemptions from environmental taxes and in the form of reductions in funding support for the energy from renewable sources

To answer the questions in this section, please refer to section 3.2.7 of the EEAG in particular.

Please complete section C1 for measures concerning reductions from environmental taxes and section C2, possibly combined with section C3, for measures concerning reductions in the funding of support for renewable energy sources.

Please complete the section on Transparency in section B, point 7.

Section C1: Aid in the form of reductions in or exemptions from environmental taxes²⁷

1. Please explain how the tax reductions or exemptions contribute indirectly to an improvement of the level of the environmental protection and explain why the tax reductions and exemptions do not undermine the general objective pursued:

.....

2. For reductions in or exemptions from harmonised taxes at Union level, please confirm that:

- (a) the aid is granted for a maximum period of 10 years;
 and
- (b) the aid beneficiaries are selected on objective, transparent and non-discriminatory criteria;
 and
- (c) the aid is granted in principle in the same way for all competitors in the same sector if they are in a similar factual situation;
 and

²⁷ See section 3.7.1 of the EEAG.

- (d) the beneficiaries pay at least the Union minimum tax level set by the relevant applicable directive²⁸.

Please provide for each category of beneficiaries evidence regarding the payable minimum tax level (rate actually paid preferably in EUR and in the same units as the applicable Union legislation):

.....

- (e) the reductions or exemptions are compatible with the relevant applicable Union legislation and comply with the limits and conditions set out therein:

Please refer to the relevant provision(s) and provide the relevant evidence:

.....

3. If the conditions in point 2 are confirmed and duly substantiated, there is no need to complete this section, unless those conditions are not fulfilled for the total measure.

4. For reductions in or exemptions from environmental taxes which have not been harmonized or for those which have been harmonized but where beneficiaries pay a sum lower than the Union minimum tax level, please confirm that the aid is granted for a maximum period of 10 years:

yes no

Furthermore, please provide the following:

- a detailed description of the exempted sector(s):

.....

- a list of the 20 largest beneficiaries covered by the exemptions or reductions as well as a detailed description of their situation, in particular their turnover, their market shares and the size of the tax base:

.....

5. Please confirm that:

- (a) the choice of beneficiaries is based on objective and transparent criteria and the aid is granted in principle in the same way to all competitors in the same sector or relevant market which are in a similar factual situation

and

²⁸ As set out in point 19(16) of the EEAG, "Union minimum tax level" means the minimum level of taxation provided for in Union legislation. For energy products and electricity, the Union minimum tax level means the minimum level of taxation laid down in Annex I to Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L 283, 31.10.2003, p. 51).

(b) the environmental tax without reduction would lead to a substantial increase in production costs for each sector or category of individual beneficiaries;

and

(c) without the aid the substantial increase in production costs would, if passed to the customers, lead to a substantial reduction in sales²⁹.

6. Please provide qualitative and quantitative evidence related to the conditions in point 2:

.....

7. Please explain in what form the tax reduction or exemption is given (point 174 of the EEAG):

.....

8. Please specify which one of the following conditions is met:

(a) Are aid beneficiaries paying at least 20% of the national tax?

yes no

If the answer is no, please demonstrate how a lower rate can be justified in view of a limited distortion of competition:

.....

(b) Are the reductions or exemptions conditional on the conclusion of agreements between the Member State and the recipient undertakings or associations of undertakings?

yes no

If so, please provide details and evidence illustrating that the undertakings or associations of undertakings commit themselves to achieve environmental protection objectives which have the same effect of the application of (i) 20% of the national tax or (ii) the Union minimum tax level:

.....

Please also confirm that:

(a) the substance of the agreements has been negotiated by the Member State and specifies the targets and fixes a time schedule for reaching those targets;

²⁹ In this respect, Member States may provide estimations of inter alia the product price elasticity of the sector concerned in the relevant geographic market as well as estimates of lost sales and/or reduced profits for the companies in the sector/category concerned.

- (b) the Member State ensures independent and timely monitoring of the commitments concluded in those agreements;
- (c) those agreements will be revised periodically in the light of technological and other developments and will stipulate effective penalty arrangements which will apply if the commitments are not met.

Specify per sector the targets and time schedule and describe the monitoring and review mechanisms (for example by whom and at what intervals) as well as the penalty mechanism:

.....

9. Where a carbon tax levied on energy products used for electricity production is introduced and compensation for the electricity used is envisaged (point 179 of the EEAG), please provide the following information:

(a) The direct link to the ETS allowance price:

.....

(b) The maximum aid intensities over time and how it complies with the intensities set out in the Union ETS State aid Guidelines³⁰:

.....

(c) A list of the beneficiaries and whether they are eligible under the Union ETS State aid Guidelines:

.....

(d) Please give details about the way the lump sum payment is made:

.....

³⁰ Guidelines on certain State aid measures in the context of the greenhouse gas emission allowance trading scheme post 2012 (OJ C 154, 5.6.2012, p. 4).

Section C2: Aid in the form of reductions in funding support for energy from renewable sources

1. Please explain what the additional costs³¹ resulting from the financing of renewable energy are and how they are reflected in the electricity prices that are established. Please detail:

Not applicable.

2. Please confirm that only reductions from the costs of funding renewable energy support are covered by the measure and that no other costs are included. Please detail. The additional costs cannot exceed the funding of support to energy from renewable sources.

Not applicable.

Eligibility

3. Please provide an overview of the beneficiaries of the measure and identify to what extent the beneficiaries are active in the sectors referred to in Annex 3 to the EEAG.

.....

4. To the extent that the beneficiaries of the measure are not active in sectors that are part of Annex 3 to the EEAG, please identify to what extent the beneficiaries are active in sectors referred to in Annex 5 to the EEAG.

.....

5. For the beneficiaries referred to in this section, please demonstrate for the undertakings the level of electro intensity (point 186 of the EEAG). Where available please use standard electricity consumption benchmarks.

.....

6. To the extent that the beneficiaries of the measure are not active in sectors referred to in Annex 3 or Annex 5 to the EEAG:

- Please demonstrate for the undertakings the level of electro intensity. Where available please use standard electricity consumption benchmarks.

.....

³¹ The most direct way to demonstrate the causal link is by reference to a charge or levy on top of the electricity price, which is dedicated to the funding of energy from renewable sources. An indirect way to demonstrate the additional costs would be to calculate the impact of higher net costs for the electricity suppliers from green certificates and calculate the impact on the electricity price assuming the higher net costs are passed on by the supplier.

- Please demonstrate for the undertakings the level of trade intensity at Union level.

.....

7. Please confirm providing relevant evidence that the choice of beneficiaries is based on objective, transparent and non-discriminatory criteria and the aid is granted in principle in the same way to all competitors in the same sector or relevant market which are in a similar factual situation.

.....

Proportionality

8. Please confirm that the beneficiaries pay in full at least 15% of the additional costs.

.....

9. Please confirm whether the maximum contributions for electro intensive undertakings are capped.

- at 4% Gross value Added (GVA)
- at 0,5% GVA (for undertakings with an electro intensity of at least 20%)

If so,

- (a) Please demonstrate how the maximum levels and GVA are calculated (see Annex 4 to the EEAG):

.....

- (b) Please explain whether any adjustments are made to the calculation in order to cover all labour costs (point 191 of the EEAG):

.....

- (c) Please explain how the cap applies to all eligible undertakings:

.....

Section C3: Transitional rules for reductions in funding support for energy from renewable sources

This section only applies if an adjustment plan was submitted to the Commission before 1 July 2015.

1. Please explain in detail whether reductions in or exemptions from funding support for renewable energy were granted before 1 July 2014.

.....

If so, please show whether new beneficiaries have entered the scheme after 1 July 2014.

.....
.....

- 2. Please provide an overview of the beneficiaries who benefitted from the measure before 1 July 2014.

.....
.....

- 3. Please divide those beneficiaries in two groups: one eligible for the aid under the EEAG (group 1) and another not eligible for aid under the EEAG (group 2).

.....
.....

- 4. Please provide an adjustment plan that would progressively bring the aid levels in line with the application of the eligibility and proportionality criteria set out in section C.2.

- (a) Please demonstrate how the plan foresees a minimum own contribution of 15% by 2019 for group 1 referred to in point 3.

.....
.....

- (b) Please demonstrate how the plan foresees a minimum own contribution of 20% by 2019 for group 2 referred to in point 3.

.....
.....