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**FINANCIAL MECHANISM OF THE EUROPEAN ECONOMIC AREA 2014-2021**

**Energy and Climate Change Programme**

**Restricted Call for additional funding of projects within the Calls for Proposals “Energy production from the sea” and “Increased geothermal energy production capacity“**

Modality: temporary call

Opening date: 7th July 2023

**Deadline for submission of the**

**Additional Grant Request: 21st July 2023**

**Note:** The Croatian version of the Call for Project Proposals is the official document. In case of any discrepancies between the English and the Croatian versions, the Croatian version is the one that prevails.

**Table of Contents**

[1. INTRODUCTION 3](#_Toc139467132)

[1.1. General provisions 3](#_Toc139467133)

[1.2. Legal basis 3](#_Toc139467134)

[2. CALL FOR PROPOSAL OF THE ADDITIONAL GRANT REQUEST 4](#_Toc139467135)

[2.1. Focus and expected results of the Restricted Call 4](#_Toc139467136)

[2.2. Restricted Call for additional funding budget 4](#_Toc139467137)

[2.3. Grant rates and co-financing 5](#_Toc139467138)

[2.4. Deadline and submission of the Additional Grant Request 5](#_Toc139467139)

[2.5. Eligible Applicants and Projects 5](#_Toc139467140)

[2.6. Eligible expenditures/activities for additional funding 5](#_Toc139467141)

[2.7. Non-eligible expenditures/activities for additional funding 6](#_Toc139467142)

[2.8. Adequate instruments of proving price increases and the necessity of granting additional funds 6](#_Toc139467143)

[2.9. Criteria for awarding additional grants 7](#_Toc139467144)

[2.9.1. General eligibility criteria 7](#_Toc139467145)

[2.9.2. Specific selection criteria 7](#_Toc139467146)

[2.9.3. Additional Specific Selection Criteria 8](#_Toc139467147)

[2.10. Assessment of Additional Grant Request 9](#_Toc139467148)

[2.11. Complaints on Awarding additional grant decision 9](#_Toc139467149)

[2.12. Documentation for submitting the Additional Grant Request 10](#_Toc139467150)

[2.13. Submission of the Additional Grant Request 10](#_Toc139467151)

[3. ADDITIONAL INFORMATION 11](#_Toc139467152)

[3.1. Annexes 11](#_Toc139467153)

# **INTRODUCTION**

## **General provisions**

The main goal of the “Energy and Climate Change” Programme (hereinafter: the Programme) is to increase the usage of technologies with lower carbon emissions and enlarge security of energy supply in the Republic of Croatia, which is aligned to the key objectives of the European Economic Area (EEA) and Norway Grants.

The overall budget of the Programme is 20.000.000,00 EUR, out of which an EEA Financial Mechanism funding is 17.000.000,00 EUR (85% of the Programme`s amount) and 3.000.000,00 EUR represents national funding (15% of the Programme`s amount).

Through the four Open Calls for Proposals and two Small Grant Schemes 36 projects with a total grant amount of EUR 16.430.727,13 was contracted.

The Restricted Call for additional funding of projects within the Calls for Proposals “Energy production from the sea” and “Increased geothermal energy production capacity“ (hereinafter: the Restricted Call) regulates the general conditions for the award of grants under the “Energy and Climate Change” Programme, funded by the European Economic Area Financial Mechanism 2014-2021 in the Republic of Croatia (hereinafter: EEA Financial Mechanism).

Since there was a market prices increase compared to the prices at the time of application of projects to the Calls for Proposals "Production of energy from the sea" and "Increased geothermal energy production capacity", the Ministry of Regional Development and EU Funds (hereinafter: MRDEUF) publishes this Restricted Call.

The aim of the Restricted Call is the grant award to already contracted projects within the Calls for Proposals “Energy production from the sea” and “Increased geothermal energy production capacity“ in order to achieve the expected results and indicators of the Programme.

The Restricted Call is in line with the provisions of the Programme Agreement for the financing of the Programme “Energy and Climate Change“ and the Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2014-2021, particularly in accordance with Article 7.3. of the respective Regulation and the national strategic and legislative framework related to the Programme relevant sector.

## **Legal basis**

The Restricted Call is published in accordance with Article 7.4.8. of the Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2014-2021 (hereinafter: the Regulation) and the flexible measures of the Financial Mechanism Office, and to address the current situation of exceptional increase in market prices that cause specific challenges. Especially for certain projects with significant infrastructure components and in order to achieve the planned results of the projects and thereby achieve the expected results and indicators of the Programme.

Accordingly, the following conditions must be met:

* it has been demonstrated that the exceptional price increases are clearly beyond the control of the Project Promoter and were unforeseeable when the project proposal was submitted (cost overruns due to e.g., budgeting/planning mistakes should not be covered);
* awarding additional funding is the only solution to safeguard the planned results (i.e., ‘save the project’) within the available timeframe;
* the additional funding will allow the project to complete its activities within the eligibility period;
* additional funding to already approved projects that could yield better results have already been explored and awarding funding to address exceptional price increases contributes to the results of the programme to a greater extent;
* the project grant rate is set at a level that complies with Article 6.4.2 of the Regulation and other relevant programme rules;
* the award of increased funding complies with the relevant state-aid rules and public procurement rules, wherever applicable.

# **CALL FOR PROPOSAL OF THE ADDITIONAL GRANT REQUEST**

## **Focus and expected results of the Restricted Call**

The aim of the Restricted Call is the grant award to already contracted projects within the Calls for Proposals “Energy production from the sea” and “Increased geothermal energy production capacity“ in order to achieve the expected results and indicators of the Programme. Additional grants will be awarded for successful implementation of contracted projects whose, due to the increase in market prices, implementation is threatened considering the expenditures period of eligibility prescribed in Article 8.13. of the Regulation.

The expected results and indicators of the Restricted Call are in line with the flexibility measures according to instructions of the Financial Mechanism Office, namely the successful implementation of projects within the stipulated time frame, followed by the achievement of Programme Outcome 2: "Increased renewable energy production" as well as Output 2.1 "Renewable energy capacity installed" and Output 2.2 "Strengthened capacity to manage and promote renewable energy" whose indicators and goals are complementary to the implementation of projects within the Calls for Proposals “Energy production from the sea” and “Increased geothermal energy production capacity“.

## **Restricted Call for additional funding budget**

The overall budget of the Restricted Call is **693.100,20 EUR,** out of which an EEA Financial Mechanism funding is 589.135,17 EUR (85% of the Call`s amount) and 103.965,03 EUR represents national funding (15% of the Call`s amount).

The minimum grant amount for one project shall be **50.000,00 EUR.**

The maximum grant amount for one project shall be **693.100,20 EUR.**

## **Grant rates and co-financing**

Additional grants will be awarded following the provisions defined in point 3.3.1. of the Calls for Proposals “Energy production from the sea” and “Increased geothermal energy production capacity“. In accordance with the State Aid Scheme, the same grant rate will be applied to the allocated additional grants, i.e., the same rates specified in the budget lines that need to be additionally financed. Additional allocated grants will be regulated through the Addendum to the Project Contracts for projects in implementation.

## **Deadline and submission of the Additional Grant Request**

The deadline for submitting is fourteen (14) calendar days from the opening day of the Restricted Call.

**The deadline for submitting the Additional Grant Request(s) is 21st July 2023, 12:00h CET,** as evidenced by the date and time of the submitted request via email, i.e., received on the MRDEUF server.

Additional Grant Requests received after the deadline will not be considered in the further selection process.

The Project Promoter submits the request in its own name and in the name of all Project partners who need additional grants. The Additional Grant Request is an integral part of the Restricted Call and is attached to it.

## **Eligible Applicants and Projects**

Eligible applicants are all Project Promoters with whom MRDEUF signed a Project Contract within the Calls for Proposals “Energy production from the sea” and “Increased geothermal energy production capacity“.

## **Eligible expenditures/activities for additional funding**

Eligible expenditures within the Restricted Call refer to expenditures that are eligible in:

1. The Call for Proposals “Energy production from the sea” (point 3.7.1), which refer to the following activities: b) increase the installed capacity of energy from the sea and c) increase in production of energy from the sea and annual CO2 emissions reduction, which are exclusively related to the costs of equipment and/or works.
2. The Call for Proposals “Increased geothermal energy production capacity“ (point 3.7.1.), which refer to the following activities: a) increase the installed capacity of geothermal energy; b) increase geothermal energy production and annual CO2 emission reduction and c) full-scale, demonstration and pilot project investments related to the activities such as:

* construction or refurbishment of production and injection wells in areas with existing exploration or production licenses,
* refurbishment and/or extension of an existing geothermal heating system,
* construction of infrastructure connection(s) to integrate geothermal heat into an existing district heating system,
* technological and infrastructure changes to existing district heating systems to integrate geothermal energy source(s).

As for the mentioned expenditures, it is necessary to prove by appropriate means that there has been an increase in market prices that is beyond the control of the Project Promoter, and for which it is not possible to ensure financing from own or other sources (in accordance with point 2.8. of this Restricted Call). The Project Promoter may request for additional grants to cover the difference of a part or the whole amount between the determined Project budget and the market prices of the eligible expenditures for which own financing or financing from other sources cannot be ensured.

Eligible expenditures can refer only to those activities already approved in the project application and within the Project budget, for which the Project Promoter has signed a Project Contract within the Calls for Proposals “Energy production from the sea” and “Increased geothermal energy production capacity“.

## **Non-eligible expenditures/activities for additional funding**

Non-eligible expenditures within the Restricted Call refer to expenditures that are non-eligible in point 3.7.2. within the Calls for Proposals “Energy production from the sea” and “Increased geothermal energy production capacity“.

Also, non-eligible expenditures within the Restricted Call refer to expenditures that are non-eligible in point 3.7.1. within the Call for Proposals “Energy production from the sea”: a) preparation of the technical documentation required for the installation of the heat pump(s) using sea water; d) project management and administration activities and e) promotion and increase in visibility of activities related to the achievement of Output 2.2. "Strengthened capacity to management and promote renewable energy".

Furthermore, non-eligible expenditures within the Restricted Call refer to expenditures that are non-eligible in point 3.7.1. within the Call for Proposals “Increased geothermal energy production capacity“: d) project management and administration activities and e) promotion and visibility activities.

In case a contract for the works/services for the eligible activities was signed upon completion of a public procurement procedure before the opening date of the Restricted Call, the expenditures are non-eligible within the Restricted Call.

## **Adequate instruments of proving price increases and the necessity of granting additional funds**

To prove the increase in market prices and the impossibility of securing financing from other sources, the following must be submitted:

* Declaration by the authorized person/founder under material and criminal liability that it is not possible to provide its own funds to finance part of the difference between the amount determined by the Project budget and the amount of tenders received, or the assessment of the certified planner regarding the price increase for which an additional grant is submitted (Form 1);
* Documentation on the procurement procedures carried out in which the received tenders exceed the amount determined by the budget **OR** the certified planner's assessment of price increases no older than three months from the publication of the Restricted Call.

## **Criteria for awarding additional grants**

### **General eligibility criteria**

The general eligibility criteria are listed in the General Eligibility Criteria Assessment Form (Form 2), which is an integral part of the Restricted Call. All Additional Grant Requests must meet the general eligibility criteria set below:

1. The Additional Grant Request is submitted by an eligible Project Promoter for the financing of eligible activities/costs with accompanying documentation in the manner and within the time limit specified in the Restricted Call, and for which activities, a contract for the procurement of works/services has not been concluded under the public procurement procedure before the publication of this Restricted Call;
2. All forms required by the Restricted Call have been submitted;
3. The Project for which additional grants are requested is financed within the Calls for Proposals "Production of energy from the sea" and "Increased geothermal energy production capacity" within the “Energy and Climate Change” Programme;
4. The requested additional grants are in accordance with the instructions of the Restricted Call, i.e. the provisions regarding the minimum and maximum amount of the request are met (in accordance with point 2.2. of this Restricted Call);
5. The allocation of additional grants is in accordance with the De Minimis Aid Scheme and the State Aid Scheme for the Implementation of the “Energy and Climate Change” Programme.

Compliance of the Additional Grant Request with the general eligibility criteria will be checked by the Programme Operator based on the submitted documentation and available data. If the Project Promoter does not cumulatively fulfil all general eligibility criteria, it will be excluded from the further procedure for awarding additional grants.

### **Specific selection criteria**

The specific selection criteria are listed in the Specific and Additional Specific Criteria Assessment Form (Form 3), which is an integral part of the Restricted Call:

1. It has been demonstrated that additional grants are needed due to the increase in market prices, which the Project Promoter could not influence or foresee.
2. Additional grants will enable the project to complete its activities within the period of eligibility of costs, as well as to achieve the foreseen indicators and results.

If the Additional Grant Requests do not exceed funds specified in point 2.2. of the Restricted Call, additional funds will be allocated for the amortization of price increases in accordance with the submitted additional documentation from point 2.12. If the Additional Grant Requests exceeds the available funds, the Programme Operator will distribute available funds by applying Additional Specific Selection Criteria, set in point 2.9.2. of the Restricted Call.

### **Additional Specific Selection Criteria**

Additional Specific Selection Criteria are listed in the Specific and Additional Specific Criteria Assessment Form (Form 3), which is an integral part of the Restricted Call:

1. Projects absorption capacity (projects absorption capacity is determined upon the percentage of thus far consumption of the funds awarded to the projects, regardless of whether the Project Promoter submits the Additional Grant Request for the entire partnership or for individual Project Partners. The Programme Operator will determine projects absorption capacity for every project for which the Additional Grant Request has been submitted based on expenses approved by the deadline for submitting the Request.). In the respect of equal treatment of all applicants, the Programme Operator will take into account approved expenses for the period ending 31 March 2023, regardless of reported and approved expenses for the period ending 30 June 2023.
2. Projects contribution to the Programme results (contribution is determined based on the data from the Application Form and the Additional Grant Request in relation to the Programme results set in the Programme Agreement for the financing of the ”Energy and Climate Change“ Programme.

A ranking list of projects eligible for allocation of additional grants will be set based on an Additional Specific Selection Criteria. If two or more projects are rewarded with the same points, project with higher points in absorption capacity will be awarded with the additional grant.

The project whose Additional Grant Request is ranked first, will be rewarded with the amount of requested additional grant. If the maximum grant amount set in point 2.2. of the Restricted Call is not sufficient to cover the entire requested amount of additional grants of the first ranked Additional Grant Request, the Project Promoter must submit a signed Declaration by the authorized person/founder under criminal and material liability that he can secure the remaining part of the necessary funds for the implementation of the project and the realization of the foreseen indicators and results in an appropriate deadline (Form 4). If the Project Promoter cannot prove that he can provide the remaining part of the funds for the implementation of the project and the realization of the foreseen indicators and results within an appropriate period, additional grants will be awarded to the next Additional Grant Request from the ranking list. If the circumstances described above occur, the Programme Operator will request from the Project Promoter to submit the said Declaration. The Project Promoter is obliged to submit the declaration under criminal and material liability within three (3) working days stating that he can secure the remaining part of the necessary funds for the implementation of the project and the realization of the foreseen indicators and results within an appropriate period.

If additional funds are left after the awarding of the first ranked project, the second ranked project will be awarded with the remaining funds. If after the first two allocations additional funds are left, the third-ranked project will be awarded with the remaining funds. The same approach will be applied until the whole amount of the fund is rewarded. In case the amount of Programme savings increases after the announcement of the Restricted Call or after its completion, the Programme Operator reserves the right to allocate the amounts of new savings in accordance with the established ranking list of projects based on this Restricted Call.

## **Assessment of Additional Grant Request**

Assessment of Additional Grant Request will be caried out in accordance with Article 7.4. of the Regulation as follows:

The Programme Operator will assess general eligibility criteria based on Form 2, which is integral part of the Restricted Call.

All Additional Grant Requests that pass assessment of general eligibility criteria, will be subject to assessment of specific and additional specific criteria based on Form 3, which is integral part of the Restricted Call. Assessment of specific and additional specific criteria will be carried out by Programme Partner based on the spending rate of the projects. Spending rate data will be provided by Programme Operator.

The Programme Operator will establish the Evaluation Committee. The Evaluation Committee will consist of at least three voting members with relevant sector expertise, one of them external to the Programme Operator. The Evaluation Committee will be chaired by the Programme Operator.

The Programme Operator will provide the Evaluation Committee with a list of the ranked Additional Grant Requests, listing them in descending order starting from the best appraised Additional Grant Request and within the available financial envelope.

The Evaluation Committee will approve a list of projects recommended for rewarding the additional grant. The Evaluation Committee will decide by consensus of all voting members. If consensus cannot be reached, the decision may be taken by a majority of all voting members. Any dissenting opinions will be included in the minutes of the Evaluation Committee meeting.

Pursuant to the project selection process, the Programme Operator will notify all the Project Promoters of the evaluation results and with those who will be awarded with additional grant, the Addendum to the Project Contract will be signed.

## **Complaints on Awarding additional grant decision**

Project Promoter has the right to file a complaint if he considers that his Additional Grant Request was improperly treated during the award procedure.

The complaint can be filed within eight (8) working days from the date of the receipt of the notification on the Additional Grant Request status after the end of the assessment and grant award procedure.

The complaint must be submitted in writing to the e-mail address [energija@mrrfeu.hr](mailto:energija@mrrfeu.hr) and [ntf.prigovori@mrrfeu.hr](mailto:ntf.prigovori@mrrfeu.hr) with a clear indication of the subject: “Complaint on the Awarding additional grant decision results”.

The complaint, to be decided upon, must be comprehensible and contain at least:

• the name and address of the Project Promoter;

• the reference number of the Project Promoter;

• clearly described reasons for the complaint;

• signature of the legal representative of the Project Promoter;

• if applicable, a power of attorney to complain;

• documentation proving the allegations set out in the complaint.

The burden of proving these facts lies with the Project Promoter.

Complaints that do not contain the minimum information listed above will not be taken into consideration.

If a complaint does not comply with the above stated requirements or includes an incomplete description of a case that does not allow the Programme Operator to perform a thorough assessment of the complaint, the Programme Operator may request further information from the Project Promoter. However, if the information requested is not provided within the period as specified by the Programme Operator, the Programme Operator will close the case without any further inquiry.

A Complaint Committee consisting of the National Focal Point and Programme Operator representatives will decide on the complaint within ten (10) working days from the date of receipt of the complaint and will notify the Project Promoter thereof by e-mail. The Committee’s decision is irrevocable.

## **Documentation for submitting the Additional Grant Request**

1. The Additional Grant Request (must be submitted by the Project Promoter on behalf of the entire partnership, even if he does not need additional grant funding) - Application Form (offline form).
2. Documentation to prove the increase in market prices and the impossibility of securing financing from other sources (according to point 2.8.).

If the information submitted in the Additional Grant Request is not sufficiently precise or there are indications that information is wrong, which is preventing the assessment to be carried out objectively, the Programme Operator may request additional information from the Project Promoter at any time during the assessment process and allocation of grants.

Project Promoters are obliged to act according to the request of the Programme Operator within three (3) working days. Otherwise, their Additional Grant Request may be excluded from the assessment and allocation process. Communication between the Programme Operator and the Project Promoter is done via electronic mail (e-mail).

## **Submission of the Additional Grant Request**

Project Promoter will enter data in the offline form for submitting the Additional Grant Request, which is Annex 1 of the Restricted Call.

Additional Grant Request is submitted via e-mail: [energija@mrrfeu.hr](mailto:energija@mrrfeu.hr)

In addition to the above-mentioned Request, Project Promoters are also required to submit additional documentation, specified in chapter 2, point 2.12. of the Restricted Call. Additional documents are sent by e-mail scanned in PDF or another acceptable format.

The Additional Grant Request and additional documentation are submitted by the Project Promoter.

# **ADDITIONAL INFORMATION**

The documentation for the submission of the Additional Award Request, the details of the Restricted Call, information on the signed Addendums to the Project Contract, the amounts of the allocated additional grants and a brief description of the projects to which they were allocated will be published on the website of the "Energy and Climate Change" Programme: <https://eeagrants.hr/en/programs/energy-and-climate-change/>.

Questions related to the Restricted Call may be sent in writing via e-mail no later than four (4) calendar days before the deadline for submitting the Additional Award Request, clearly indicating the reference to the Restricted Call. Clarifications to the questions received after this date will not be provided. Questions are submitted in writing to the e-mail address: [energija@mrrfeu.hr](mailto:energija@mrrfeu.hr).

In order to ensure equal treatment of all Project Promoters, questions and answers will be regularly published and updated on the website of the "Energy and Climate Change" Programme: <https://eeagrants.hr/en/programs/energy-and-climate-change/> . Also, answers will be published no later than two (2) calendar days before the deadline for submitting the request in question.

## **Annexes**

Annex:

1. Application Form – Additional Grant Request (offline form)

Forms:

1. Declaration by the authorized person/founder under material and criminal liability that it is not possible to provide its own funds to finance part of the difference between the amount determined by the Project budget and the amount of tenders received, or the assessment of the certified designer regarding the price increase for which an additional grant is submitted (Form 1);
2. Declaration by the authorized person/founder under criminal and material liability that he can secure the remaining part of the necessary funds for the implementation of the project and the realization of the foreseen indicators and results in an appropriate deadline (Form 4).

Relevant documents:

1. General Eligibility Criteria Assessment Form (Form 2);
2. Specific and Additional Specific Criteria Assessment (Form 3);
3. Draft of the Addendum of the Project Contract.