



EUROPEAN COMMISSION

PROCEDURES MANUAL

for

The technical and financial Due Diligence assessment under the NER 300 process

Disclaimer

This Manual has been developed by the Commission in consultation with the EIB to assist the EIB in undertaking its duties in assisting the Commission in the management of the first call for Proposals under the NER 300 Process for demonstration of CCS and innovative renewable energy sources. The Manual has been agreed by the EIB and the Commission pursuant to Article 8 of the Co-operation Agreement.

This Manual is for guidance only. The legal basis of the NER 300 Process is Decision C(2010)7499, and if there is any uncertainty as to how a particular issue should be resolved, the Decision is the primary point of reference. A copy of the Decision is provided in Annex 1.

Given the potentially very wide range of Project submissions which may be received, covering a wide range of different technologies and scales, and as this guidance has been developed at an early stage of the NER 300 Process, eventualities regarding the Due Diligence assessment of Project Proposals may arise which have not been predicted and dealt with in this document.

In the event of any eventuality arising which is not covered by the Decision and/or this Manual, this should be discussed with the Commission and its specific views and guidance sought.

The following should be read in conjunction with the Co-operation Agreement between the EIB and the Commission, a copy of which is provided in Annex 3.

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GLOSSARY

Term	Meaning
Adjusted Award Decision	Award Decision adjusted by the Commission
Adjusted Funding Rate	The adjusted funding rate set out in an Award Decision which applies to annual disbursements of Funding to a Project in case of partial Up-Front Funding Disbursement
Allowance	EU emission allowance as described in the EU ETS Directive
Application Forms	The set of Application Forms (see Appendix 1 of the Call for Proposals) to be completed by the Project Sponsor and submitted to the appropriate Member State.
Award Decision	Decision from the Commission to a Member State awarding NER 300 funding with regard to a specific project, pursuant to Article 9 of the Decision
Call for Proposals	Documents published in the OJ or on the internet, including the Call for Proposals, its supporting annexes and appendices (containing Application Forms, Submission Forms and the ECA form)
Capacity Thresholds	As set out in Annex I of the Decision in respect of different Project Categories and Sub-categories
Category	Each of the Technology Categories listed in Section A of Annex I of the Decision, in respect of both CCS and RES technologies
CCC	Climate Change Committee as referred to in the Decision
CCS	Carbon Capture and Storage technologies
CCS Chain	Integrated carbon capture and compression plant, transport facility, injection and storage facility
CCS Group	All selected CCS projects pursuant to Article 8(2), last sub-paragraph of the Decision
Commission (EC)	European Commission
Competitiveness Check	Test applied by the Commission, where only 1 or 2 Proposals are submitted in a given Sub-category, to assess whether it would be appropriate to postpone making an Award Decision in the relevant Sub-category to the second round pursuant to Article 8(1), 3rd sub-paragraph of the Decision
Co-operation Agreement	Agreement between the Commission and the EIB pursuant to Article 4, 3rd sub-paragraph of the Decision, laying out the specific terms and conditions under which the EIB shall perform its tasks under the Decision
Cost Per Unit Performance (CPUP)	As defined in Article 8 (2), 2nd sub-paragraph of the Decision
Decision	Decision C(2010) 7499 laying down criteria and measures for the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO ₂ as well as demonstration projects of innovative renewable energy technologies under the scheme for greenhouse gas emission allowance trading within the Community established by Directive 2003/87/EC of the European Parliament and of the Council (NER 300 Decision)
Due Diligence assessment	Financial and technical assessment of Project Proposals submitted by the Member States to the EIB, undertaken by the EIB pursuant to Articles 5(4) and 7 of the Decision
EEPR	European Energy Programme for Recovery
EIB	European Investment Bank

Eligibility Criteria	As defined in Article 6 and Annex I of the Decision
Eligibility Criteria Assessment	Assessment of Projects undertaken by Member States to determine their conformity with the Eligibility Criteria, verified by the Commission
Eligibility Criteria Assessment Form (ECA Form)	Form that is to be completed by a Member State (and submitted to the EIB), confirming that the submitted Project meets all Eligibility Criteria – See Eligibility Assessment)
EU ETS Directive	Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community
Financial Regulation	Council Regulation No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities as amended
First Round	First of two rounds of Call for Proposals in the NER 300 Process
Funding	NER 300 financial support disbursed to Project Sponsors pursuant to the Decision
Funding Proportion	The proportion of total funds available for CCS and RES respectively
Funding Rate	Awarded funding divided by 75% of the projected total amount of stored CO ₂ in the first ten years of operation in the case of CCS Projects, or 75% of projected total amount of energy produced in the first five years of operation in the case of RES Projects, pursuant to Article 11(2), 2nd sub-paragraph of the Decision
Interim Reports	The six week and three, six and nine month reports from the EIB to the Commission, as defined in the Co-operation Agreement
Investment Costs	As defined in Article 3(4) of the Decision
Knowledge Sharing Obligations	Knowledge sharing as required by Article 12 and Annex II of the Decision and as set out in the Specifications for Legally Binding Instrument
Lead Member State	In the case of a Trans-boundary Project, the Lead Member State is the Member State responsible for co-ordinating and submitting the Project Proposal documentation to the EIB, on behalf of all other Member States participating in the Trans-boundary Project
Member State (MS)	A Member State of the European Union
MRV Information	Monitoring, Reporting and Verification information as required pursuant to the Decision and as set out in the specifications for Legally Binding Instrument
NER 300 Process	Process of selecting and financing of CCS and RES Projects pursuant to Article 10a(8) of the EU ETS-Directive and the Decision, using the revenues from the 300 million Allowances set aside in the New Entrants' Reserve (NER) for that purpose.
Non Contract CO ₂	CO ₂ which is compressed, transported or stored that is not from a CO ₂ source within the Project
NPV	Net Present Value
OJ	Official Journal of the European Union
Operating Benefits	Revenues resulting from operation of the project as referred to in Article 3(5) of the Decision
Operating Costs	Operating expenses borne by the Project regarding Production Costs as referred to in Article 3(5) of the Decision
Payment Schedule	The Payment Schedule in respect of the Funding set out in an Award Decision or, if applicable, Adjusted Award Decision
Performance	As defined by Article 8(2), 2nd sub-paragraph of the Decision, in respect of CCS/RES Projects

Permits	All or any permits, permissions, licences, consents, authorisations or approvals necessary under relevant applicable energy and infrastructure and/or environmental and/or planning and/or health and safety legislation
Project	The CCS/RES enterprise proposed by Project Sponsors for funding under the Decision
Project Outputs	For CCS Projects, the total projected amount of CO ₂ stored in the first ten years of operation, and for the RES Projects, the total projected amount of energy produced in the first five years of operation
Project Programme	The programme for the consents, design, engineering, procurement, construction, erection, commissioning, operation, maintenance and decommissioning for the Project
Project Sponsor	Single entity, consortium of entities or members of a Special Purpose Vehicle as a Joint Venture or otherwise who submit a Proposal in respect of the proposed Project, including those providing finance to the Project
Proposal	Documentation that sets out the detail of the proposed Project consisting of the Application Forms and all other supporting documentation (submitted by Project Sponsors to Member States) and the Submission Forms and Eligibility Criteria Assessment Form (completed by the Member State and submitted to the EIB, along with the Application Forms).
Reference Plant	Plant, to be defined by Member States, which provides the basis against which Investment Costs are determined in respect of individual Projects
Relevant Costs	As defined by Article 3 of the Decision, in respect of CCS and RES Projects
Renewable Energy Directive	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
RES	Renewable Energy Source
RES Group	All selected RES projects pursuant to Article 8(2), last sub-paragraph of the Decision
RSFF	Risk Sharing Finance Facility
Second Round	Second of two rounds of Call for Proposals in the NER 300 Process
Specifications for Legally Binding Instrument	Specifications for Legally Binding Instrument annexed to the Call for Proposals
State Aid	Any aid granted to a Project by a Member State or through state resources within the meaning of support measure fulfilling all the criteria laid down in Article 107(1) of the Treaty on the Functioning of the European Union
Sub-category	Technology sub-categories as set out in Section A of Annex I of the Decision
Submission Forms	Forms to be completed by the relevant Member State in respect of a specific Project, (see Appendix 2 of the Call for Proposals) which are to be submitted to the EIB by the Member State and which form part of the Proposal
Support Schemes	Policy mechanisms of Member States designed to encourage installation of CCS and/or production of renewable energy, including but not limited to Feed In Tariffs (FiT), green certificates and grants
Trans-boundary Project	A project which is intended to take place on the territory of several Member States pursuant to Article 5(2), 2nd sub-paragraph of the Decision
Up Front Funding Disbursement	Up-front payment of Funding to a Project pursuant to Article 11(5) of the Decision

INTRODUCTION

1. PURPOSE OF THIS DOCUMENT

1. This document is the Procedures Manual (the Manual) developed by the Commission for the first Call for Proposals (Call) for the NER300 Process. It has been produced in consultation with the EIB in order to assist the EIB in carrying out Due Diligence assessments of submitted Projects, in making recommendations for Award Decisions to the Commission and reporting to the Commission on the outcome of the process and the EIB's actions.
2. It is intended to provide those who will undertake the Due Diligence assessment work with the necessary context to enable them to understand the aims of the European Parliament and the European Council in developing Article 10a(8) of the Emissions Trading Directive, the aims of the Commission in developing the NER 300 Decision (the Decision) in implementation of that Article, and the process as set out in the Decision which must be followed. A copy of the Decision is provided at Annex 1. The reference point for the Due Diligence assessment work was the normal Due Diligence procedures of the EIB. This guidance is intended only to depart from those procedures where necessitated by the specific context of the NER 300 Process.
3. It outlines the overall NER 300 Process, the roles taken by the various different parties and their responsibilities.
4. It also provides in the Appendices more detailed processes and procedures for the individual steps which will be undertaken by the EIB as well as suggested templates for the Reports produced by the EIB for the Commission.

2. SCOPE OF THE PROCEDURES MANUAL

5. The Manual sets out the overall competition process from the Call for Proposals to the publishing of the final Award Decision by the Commission. However, the focus of the Manual is on those stages of the process which involve the EIB. It also makes reference to other processes which will be undertaken by the Commission and the EIB in parallel to the competition process, but which do not form part of the competition process, such as the monetisation of the Allowances (which will be undertaken by the EIB) and the assessment of State Aid notifications made by Member States (which will be undertaken by the Commission).
6. The Manual sets out the process and requirements as set out in the Decision. If there is any doubt as to the approach which should be taken then reference should be made to the specific wording and requirements of the Decision. If a situation arises which is not covered by the Decision and/or this Manual then this, and the approach to be taken, should be discussed with the Commission.
7. This Manual is drawn up for use in the first Call for Proposals, as set out in the Decision, but might be extended to the second Call for Proposals taking into account lessons learned from the first phase.

2.1. Structure of the Manual – different technologies

8. The NER 300 Process differentiates between Carbon Capture and Storage (CCS) and Renewable Energy Technologies (RES) Groups. There are four Categories of CCS and eight Categories of RES, the latter subdivided into 34 Sub-categories. These are set out in Annex 1 of the Decision (Annex 1 of this document).
9. Some information requirements and therefore the Due Diligence process relate to all Projects and Categories, e.g. general information on Projects. However, where the information requested is technology specific the related process needs to be specific to the technology.
10. Therefore, depending on the scope of the subject matter, the guidance in this Manual relates to general, Group, Category and Sub-category specific materials, with the Due Diligence which relates to specific Categories and Sub-categories being specified in separate Appendices.

2.2. Level of detail

11. The Decision covers a wide range of technologies and it is expected that the quality of information available in respect of each Project may vary considerably at the time of submission. It is anticipated that some Projects may be at an advanced stage of maturity which could include having completed or being in the process of completing Front End Engineering and Design (FEED) work. However a number of Projects may still be at an earlier stage of development. Therefore, both the level of detail available, and the uncertainty associated with the information at the time of submission is likely to vary considerably between projects.
12. For this reason, and as it not possible to be sure about the type and range of Projects which will be submitted, it is not practical to set out in exact detail the information which would be provided in response to the Call for Proposals or specify completely objective and standardised procedures for undertaking the Due Diligence assessment.
13. Users of this Manual should use the contents as a framework in which to undertake their Due Diligence assessment based on their expertise in the subject area. The areas of Due Diligence required under Article 7 of the Decision are very similar, or identical, to those areas of Due Diligence which the EIB undertakes under its own appraisal. However, it should be borne in mind that the Due Diligence assessment in this case relates to the Award Decision of the NER 300 funding rather than to bank financing, which would e.g. also involve a comprehensive credit risk assessment.
14. The aim of the Due Diligence assessment is to ensure that any Project to which a funding commitment is made in the form of an Award Decision, has a good prospect of proceeding to Project completion and entry into operation (where operation is considered to be successful storage of CO₂ for CCS Projects or successful production of power for RES Projects) by 31 December 2015 on the basis of the adoption of the respective Award Decision by 31 December 2011. What must be demonstrated in practice is that the Project has a good prospect of proceeding to Project completion and entry into operation within four years of an Award Decision.

15. As indicated above, applications for NER 300 Funding may be less developed than is normally the case when the EIB is undertaking Due Diligence assessment for its own requirements. While the EIB should bear this fact in mind in its assessment, it should aim to conclude Due Diligence assessment positively only for those Projects which provide the assurance required for the NER 300 Process.

2.3. Principles to be followed for the assessment of the Proposals

16. The Commission takes overall responsibility for the NER 300 Process and for Award Decisions made in relation to the NER 300 Process. The Commission has sought support from the EIB in the implementation of the Decision. It will also consult with the Climate Change Committee (CCC). Member States are responsible under Article 5(3) of the Decision for the Eligibility Criteria Assessment, which will be verified by the Commission.
17. The assessment of the Proposals will be undertaken by the EIB, which acts for the NER 300 Process on the request of, and on behalf of and for the account of the Commission. The terms of the agreement between the EIB and the Commission for undertaking this work are dealt with in the Decision (See Annex 1), and the Co-operation Agreement (See Annex 3).
18. Upon receipt of the Proposals which will include Application Forms, completed by the Project Sponsors, and Submission Forms, completed by the Member States, the EIB is entitled to seek clarification from Project Sponsors and Member States regarding any aspect of their Proposal. The clarification process is set out in sections 6.2 and 9.1 and Appendices A1 and A2 of this document.
19. Member States will be required to determine which Proposals submitted to them by Project Sponsors seeking funding for Projects in their territory are eligible and which they wish to support in the NER 300 Process. They shall then submit the applications of the eligible supported Projects for Due Diligence assessment under the NER 300 Process.
20. It is also the Member State's responsibility to determine the Reference Plant for calculation of Relevant Costs, in consultation with Project Sponsors. The Member State should ensure, when defining the Reference Plant, that for all Projects within a given Sub-category the technology type is the same. (Technology type refers to the specific system/process design including plant, equipment and materials.) The Project Sponsor will, in agreement with Member States, determine any assumptions e.g., fuel price, rate of inflation etc., for their own individual Project. Member States should ensure that the assumptions made for all the Projects they submit are identical unless justification is provided for a difference. Where relevant for the Due Diligence assessment, the EIB will consider whether these are appropriate and may, following confirmation/discussion with the Project Sponsor, undertake alternative scenarios/sensitivity testing based on its own assumptions and inform the Commission of the outcomes.

2.4. Trans-boundary Projects

21. Where a Project is intended to take place on the territory of several Member States this will be considered as a Trans-boundary Project. Trans-boundary Projects are those

where the Project straddles a national boundary and can occur in the following cases: an array of generation units e.g. PV cells or wind turbines sits across the boundary; CO₂ carriage from generation plant to storage site crosses boundaries either via pipelines, shipping or road/rail transportation; storage reservoirs extend across a boundary such that the CO₂ will migrate between Member States.

22. Trans-boundary Projects do not include situations where the supply chain or electricity crosses a national border i.e. where biofuel feedstock produced in one country is processed in another or where there are electrical interconnections between countries. Further, a Project where a technology is tested in a Member State and then deployed in another Member State is not a Trans-boundary Project.
23. The Member State receiving the Proposal from the Project Sponsor shall contact the other Member States concerned and cooperate with them with a view to reaching a common decision on the submission of the Project by that Member State. The Member State submitting the Project to the EIB will become the Lead Member State and cooperate with other Member States for all aspects of the Project. In making its submission the Lead Member State will be required to confirm that all relevant Member States have been consulted and have responded in relation to the Submission Form questions and each Member States' response is incorporated.

2.5. Installations combining technology sub-elements each of which fits in a different technology Category or Sub-category

24. Examples of such installations are an installation combining a pre-combustion CCS sub-element with a post-combustion CCS sub-element; or an installation combining an offshore wind sub-element, with a marine/tidal current energy sub-element.
25. Where any of the sub-elements in question is individually eligible under the relevant Category or Sub-category, a Proposal covering only the sub-element concerned, made under the relevant Category or Sub-category, should be considered acceptable.
26. Proposals combining sub-elements each of which would fit under a different Category or Sub-category should not be accepted. To accept such Proposals could generate perverse consequences. For instance, a Proposal combining a more expensive with a less expensive technology would tend to have an average CPUP lower than the average for the more expensive technology. If the Proposal were submitted under the Category or Sub-category for the more expensive technology, it would have an automatic competitive advantage not related to the quality of the technical solution proposed.

2.6. Shared infrastructure

27. Where a Project shares infrastructure with another Project, only the apportioned costs of the shared infrastructure relating to the Project for which a Proposal is made should be included in the Proposal. For example for a CCS Project sharing transport and storage infrastructure with another Project, the Project Sponsor should provide cost and benefit information only for its own generation and Capture Plant, and its proportion of the relevant transport and storage costs. Transport and storage costs should be apportioned as agreed by the Projects concerned.

28. The calculation of any award under the NER 300 should be based on the cost estimate described in the previous paragraph. A Project Sponsor should provide evidence at the point of submission of its Proposal, that should the Project with which it proposes to share infrastructure (the 'partner' Project) not be selected for Award Decision, it would be able to meet any additional infrastructure costs entailed or the necessary infrastructure will be available independently of the other Project. The request for public funding may not be changed in the case that the partner Project is not selected.

3. OUTLINE OF THE NER300 PROCESS AND CALL FOR PROPOSALS

3.1. Scope

29. The objective of the Decision is to support, through 2 rounds of Call for Proposals at least 8 CCS Projects (covering a range of capture technologies and storage options) and at least 34 innovative renewable energy Projects covering bio energy, concentrated solar power, geothermal, wind, ocean, hydropower and distributed renewable management (smart grids).
30. With a view to ensuring technological diversity, of the CCS demonstration Projects, at least one Project and at most three Projects have to be selected in each Project category set out in Annex I Part A. I of the Decision. In addition, at least three Projects with hydrocarbon reservoir storage and at least three Projects with saline aquifer storage shall be selected.
31. In addition, one Project should be funded in each of the RES Project sub-categories outlined in Annex I Part A. II of the Decision.
32. If there are sufficient resources more Projects will be financed while maintaining the balance between CCS and RES demonstration Projects. Projects which satisfy the Project numbers per Category with the lowest cost per unit performance (CPUP) should be selected.

3.2. Eligibility Criteria

33. In order for a Project to be eligible for the award of funding under NER 300, the Project must satisfy the requirements as set out in Article 6 and Annex I of the Decision (Sections 5.1.1-5.1.3 of the Call for Proposals).

3.3. Roles and responsibilities in the overall process

3.3.1. Project Sponsors

34. The Project Sponsor is required to provide documentation according to and following the information requests of the Application Forms provided in Appendix 1 of the Call and submit these within the required timescale to the Member State in whose territory

the Project will take place (or in case of Trans-boundary Projects, to the lead Member State).

35. The Project Sponsor shall coordinate with the appropriate Member State during the development and submission of the Application Forms. In particular, for RES Projects, the Project Sponsor should coordinate with the Member State regarding the Member State's definition of the Reference Plant. For submission of Trans-boundary Projects please refer to Section 2.4 of this document.
36. Following submission of those Projects which are supported by the Member State to the EIB, the Project Sponsor shall respond directly to the EIB information requests and clarifications during the Due Diligence assessment process. Where additional information and/or confirmations are required from Member States in order to respond to the EIB the Project Sponsor shall be responsible for coordinating and providing this information. The Project Sponsor shall also notify the relevant party of any change to its circumstances in accordance with Section 12.6 of the Call.

3.3.2. Member States

37. Member States will be required to determine which Projects submitted to them from Project Sponsors seeking funding for Projects in their territory they wish to support and to submit the relevant documentation to the EIB.
38. Member States shall also be responsible for the following:
 1. collecting Proposals from the Project Sponsors, including specifying the process by which Project Sponsors submit Proposals to them;
 2. defining the Reference Plant for RES Projects and communicating this to Project Sponsors;
 3. conducting the Eligibility Criteria Assessment (see Annex 6 of the Call) and reporting (through completion of the ECA Form in Appendix 3 of the Call) on the Projects on the basis of the Eligibility Criteria as set out in the Call;
 4. completing the Submission Forms contained in Appendix 2 of the Call for Proposals;
 5. providing the Commission, copied to the EIB, with an interim communication providing an indicative view on the number of submitted Projects by category and sub-category; and
 6. submitting the Proposals it wishes to support to the EIB.
39. Although it is expected that Projects funded under the Decision will in most cases be co-financed by Member States, this is not a requirement . However in all cases the Member State will be asked to indicate its support for the Project.
40. When submitting proposals for funding, the Member State shall provide the information outlined in the Submission Forms.

41. In order to provide the requested information in the timescales detailed in Section 4.2 of this document it will be important that the Member State defines the Reference Plant for each RES technology, and any associated assumptions, at an early stage in the process to enable the Relevant Costs to be determined in conjunction with the Project Sponsor. The Member State should ensure that the Reference Plant for all Projects it submits under a particular Sub-category is the same technology type. The Project Sponsor will, in agreement with Member States, determine any assumptions e.g., fuel price, rate of inflation etc., for their own individual Project. Member States should ensure that the assumptions made for all the Projects they submit are identical unless justification is provided for a difference.
42. Following the EIB's recommendation on which Projects should be funded, Member States will be required to re-confirm to the Commission, where appropriate, the value and structure of the total public funding contribution and ongoing Member State support of the Project. If, following the confirmation of value and structure of the total public funding contribution for the recommended Projects, a Member State has more than three Projects on the list of recommended Projects, this Member State will select the three national Projects that should remain on the list.
43. Following the Award Decision Member States will be responsible for the following:
 1. disbursement of the Funding to Project Sponsors on the basis of a Legally Binding Instrument pursuant to Article 11 of the Decision and in line with the Specifications for Legally Binding Instrument (see Section 7 of the Call);
 2. submitting to the Commission reports on the implementation of the Projects including the amount of CO₂ stored or renewable energy produced, the funds disbursed and any significant problems with the Project implementation.

3.3.3. EIB

44. The EIB will review all Proposals received and undertake a completeness check to ensure that information and evidence according to and following the requests of the Application and Submission Forms have been provided in full. It will raise clarification questions related to gaps in the information provided where appropriate. The results of the completeness check will be summarised in the EIB's six week report to the Commission.
45. The EIB will undertake Due Diligence assessments on Proposals, including:
 1. conducting financial and technical Due Diligence assessment; in accordance with Article 7 of the Decision and
 2. raising clarification questions where appropriate, specifying an appropriate deadline for receiving a full and complete response.

Both will be done in accordance with the guidance provided in the Appendices A1, A2, A3, A4 and A5 to this Manual.

46. The EIB will undertake an initial allocation of Projects, including:

1. an initial allocation of all Projects to technology Categories and Sub-
2. a geographical allocation of all Projects as set out in Appendix A7.

The results will be summarised in the EIB's three month report to the Commission.

47. A progress update on the Due Diligence assessment and any amendments to the allocations above (deletion of Projects for which Due Diligence assessment has not been concluded positively) will be contained in the EIB's six month report to the Commission.
48. On completion of the Due Diligence assessment, the EIB will determine the Cost Per Unit Performance (CPUP) score for all Projects for which Due Diligence assessment has been concluded positively as set out in Appendix A8.
49. The EIB will develop a list ranking these Projects in order of increasing CPUP scores (i.e. those with the lowest CPUP will be ranked highest). All CCS Projects will be ranked together, while RES Projects will be ranked within Sub-categories. The EIB will then identify the top-ranked Project in each RES Sub-category, plus the 8 highest-ranked CCS Projects that meet the requirements in Article 8(2) 3rd sub-paragraph of the Decision, as set out in Appendix A9. The RES Projects taken together shall constitute the RES Group, and the CCS Projects taken together shall constitute the CCS Group. The EIB will then calculate the Funding Proportion between CCS and RES Groups as the ratio of the funding request of the CCS Group to the funding request of the RES Group, as set out in Appendix A10.
50. Following monetisation of the Allowances, the EIB will divide the total funding available for the First Round in the Funding Proportion determined above. It will then check, for each Group, if the available funding is greater than or equal to the total funding requested.
51. In the case that insufficient funds are available, the EIB will delete Projects from the CCS and RES Groups until the request for funding is less than or equal to the available funds, using the procedure specified in Article 8(3) of the Decision and elaborated in Appendix A11. In the special case that the de-selection process results in an allocation that is less than the funding available for a particular Group, then the remaining funding will be carried over to the second round.
52. In the case that excess funds are available, additional Projects will be added to the RES and CCS Groups, using the following procedure: Among the unfunded Projects in each Group, the Project representing the lowest CPUP shall be selected first, the Project representing the lowest CPUP in another Category shall be selected next, and the procedure will be repeated until selecting an additional Project would lead to a Funding request in excess of the available funds.
53. The details are set out in Appendix A11.
54. The EIB's nine month report will contain the adjusted CPUP scores, the ranking, the Funding Proportion and the results of any balancing that is necessary due to insufficient or excess funds.

55. The EIB will also submit a final report to the Commission one month after the Award Decisions have been taken. This will summarise the outcomes and key learnings from the work undertaken and provide recommendations for adjustments for the Second Call as appropriate.
56. In addition to its formal reporting obligations set out in the Co-operation Agreement, the EIB will communicate with the Commission as appropriate to discuss and resolve issues on a regular basis.

3.3.4. Commission

57. The Commission has the overall responsibility for the NER 300 Process. The Commission leads discussions with Member States and the Climate Change Committee.
58. The Commission's roles in relation to the NER 300 Process will include:
1. coordinating the NER 300 Process with assessment of the State Aid compatibility of the public co-funding where applicable;
 2. conducting a Competitiveness Check pursuant to Article 8 (1) sub-paragraph 3 of the Decision for Sub-categories where two or fewer Projects are submitted. This will assess whether the CPUP scores for the Projects submitted in that Sub-category are competitive or whether it is more appropriate to postpone the Award Decision for those one or two Projects to the second round;
 3. verifying the Member States Eligibility Criteria Assessment for those Projects that are recommended for funding by the EIB;
 4. re-confirming with Member States the value and structure of the total public funding contribution for Recommended Projects and asking Member States to de-select Projects as necessary to ensure that no more than three Projects are funded in any one Member State, excluding Trans-boundary Projects;
 5. adjusting the list of Recommended Projects based on the re-confirmation with Member States as appropriate;
 6. proposing Award Decisions (based on available information);
 7. re-consultation with Climate Change Committee; and
 8. making and publishing Award Decisions and Adjusted Award Decisions.
59. Within the Commission, DG CLIMA will be the primary contact for the EIB and any matters regarding the way in which the requirements or processes outlined in this Manual, which cannot be resolved internally by the EIB, should be referred to DG CLIMA.
60. The Commission will undertake the work for those aspects of the selection process that include and follow on from confirmation of the Member States' support (stage 3, see Section 4.1.3 of this Manual). The Commission will require assistance from the EIB in performing this stage of the process as outlined in this Manual.

3.4. Combination of NER funding with other forms of funding

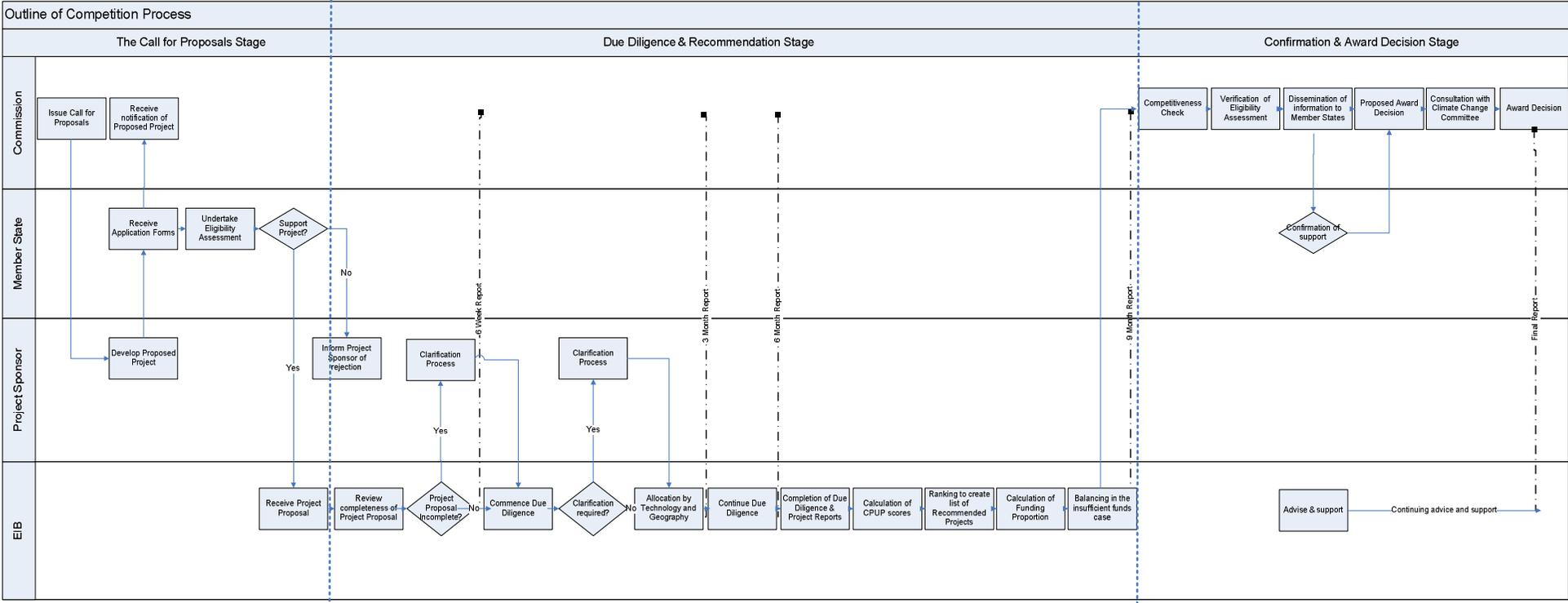
61. The financing provided under the Decision may be combined with financing from other instruments including national support measures, the Structural and Cohesion Funds and the European Energy Programme for Recovery (EEPR). It may also be combined with loan finance provide under the Risk-Sharing Finance Facility (RSFF). However, in order not to give preferential treatment to Projects funded under the EEPR, financing under the Decision shall be reduced by the amount of financing received from the EEPR.

4. OUTLINE OF THE COMPETITION PROCESS

4.1. Outline of process and stages

62. The overall competition process and the procedures that need to be taken at each stage are set out in the Decision.
63. The process can be divided into the following three primary stages:
1. The Call for Proposals (including Member State Eligibility Criteria Assessment);
 2. Due Diligence assessment, ranking and recommendations for Award Decisions; and
 3. Confirmation with Member States, consultation of Climate Change Committee and Award Decisions.
64. Figure 1 on the next page provides a summary of the overall process:

Figure 1: Competition Process Outline¹



¹ Please refer to the Process Timetable in Section 4.2 on for details on the time-frames for each task.

4.1.1. Stage 1: The Call for Proposals

65. The Call stage consists of the Call for Proposals, preparation of Project application documents, the submission of Application Forms by the Project Sponsor to the Member State, the interim communication from the Member States to the Commission, the completion of the Submission Forms, the undertaking of the Eligibility Criteria Assessment by the Member State and the submission of Proposals to the EIB. These activities are not covered in detail in this Manual.

4.1.2. Stage 2: EIB Due Diligence assessment, ranking and recommendations for Award Decisions

66. The following provides a summary of the second stage. More detail on each step is contained in Section 6 and Appendix A of this Manual.

67. The EIB shall carry out its Due Diligence assessment in an impartial and objective manner in accordance with this Manual. Accordingly, determination and ranking of Projects as well as the submission of recommendations for Award Decisions to the Commission shall be done on this basis.

68. Projects which pass the Eligibility Criteria Assessment and are supported by the Member State will be submitted to the EIB which acts for the NER 300 Process on the request of, on behalf of and for the account of the Commission. The EIB will undertake a completeness check and raise any necessary clarification and confirmations with Project Sponsors in the context of the technical and financial Due Diligence assessment. Details of the information required for the Due Diligence assessment for each area are included in the relevant Application Forms in Appendix 1 of the Call. Each Project will then be allocated to the relevant Categories and Sub-categories as defined in Annex I of the Decision.

69. Through the clarification and Due Diligence assessment process, the EIB will eliminate Projects for which the Due Diligence assessment could not be concluded positively, and calculate the CPUP score of all remaining Projects. In the calculation of the CPUP, the submitted figures for the request for public funds shall be used.

70. The EIB will develop a list ranking these Projects in order of increasing CPUP scores (i.e. those with the lowest CPUP will be ranked highest). All CCS Projects will be ranked together, while RES Projects will be ranked within Sub-categories. The EIB will then identify the top-ranked Project in each RES Sub-category, plus the 8 highest-ranked CCS Projects that meet the requirements in Article 8(2), 3rd subparagraph of the Decision. The RES Projects taken together shall constitute the RES Group, and the CCS Projects taken together shall constitute the CCS Group.

71. The Funding Proportion between the CCS Group and the RES Group will be determined next.

72. Once the monetisation of Allowances for the First Round of Call for Proposals is complete, the EIB will be able to confirm whether the total funding request for pre-selected Projects in each Group exceeds the funding available for disbursement in the First Round.

73. In the event that there are insufficient funds to support all pre-selected Projects, the EIB will delete Projects from the list as required under the Decision (Article 8(3)).

74. On the basis of the above process, The EIB will provide to the Commission a list ranking all Projects for which the Due Diligence assessment has been concluded positively together with recommendations for Award Decisions.

4.1.3. Stage 3: Commission Confirmation with Member States, consultation of the Climate Change Committee and Award Decision

75. Upon receipt of the list of the EIB's recommendations (comprising the CCS Group and the RES Group), the Commission will undertake a Competitiveness Check for those Sub-categories in which no more than two proposals were submitted. This check will assess whether the CPUPs for the Projects submitted in those Sub-categories are competitive (i.e. provide value for money) relative to other recommended Projects or whether it is more appropriate to postpone the Award Decision for those Sub-categories to the Second Round.

76. The Commission will then verify the Eligibility Criteria Assessment (conducted by Member States) of the Projects recommended by the EIB. Where a Project is rejected as ineligible, it will be replaced by the next highest ranked Project in the relevant Category. Where this process leads to a funding request in excess of the available funds, the process outlined in the previous section for bringing the funding request in line with available funds shall be repeated. The Commission will verify the eligibility of any substituted Projects, and the procedure shall be repeated until all Projects on the list are eligible.

77. For all Projects on the list, the Commission will then re-consult the Member States according to Article 5(5) of the Decision to confirm, where appropriate, the value and structure of the total public funding contribution. Where a Member State has more than three Projects on the list, it is by refusing to confirm national funding for one or more Projects that the Member State determines which Project(s) will be deleted from the list. If, following the confirmation of value and structure of the total public funding contribution for the recommended Projects, a Member State has more than three Projects on the list of recommended projects, this Member State will select the three national Projects that should remain on the list..

78. Any deleted Projects shall be replaced by the next highest ranked Project in the relevant Category. The eligibility of the replacing Projects shall be verified as before. In the case that this results again in a Member State having more than three Projects on the list, the procedure of this and the preceding paragraph shall be repeated until no Member State has more than three Projects on the list.

79. The Commission will then consult with the Climate Change Committee and following this, issue the Award Decisions for the First Round of Call for Proposals.

4.2. Timetable

80. Based on the Call for Proposals issue date, the timetable for the First Round of Call for Proposals is set out in the table below. The timing of the stages after submission

of Proposals from Member States to the EIB will depend inter alia on the number of Proposals received. The Commission shall aim to ensure that evaluations are completed and the Award Decisions issued as early as possible so as to facilitate early entry into operation.

Table 1: Process timetable

	Step	Task	Responsibility	Time-frame
Stage 1: The Call for Proposals	1.	Publish Call for Proposals	Commission	9 November 2010
	2.	Develop Proposed Project	Project Sponsor Member State (Reference Plant)	Until deadline under point 3 of this table.
	3.	Receive Application Forms	Member State	By 3 months from publication
	4.	Receive interim communication from Member States	Commission	By 4 months from publication
	5.	Complete Submission Forms and Undertake Eligibility Criteria Assessment	Member State	Until deadline under point 6
	6.	Decide to Support Project and submit Proposal to the EIB	Member State	By 6 months from publication
	7.	Project Proposal submitted to EIB	Member State	By 9 May 2011 (date of receipt of Proposals)
Stage 2: Due Diligence & Recommendation	8.	Review completeness of Project Proposals	EIB	By 6 weeks of date of receipt of Proposals
	9.	Submit 6 week report to Commission	EIB	By 6 weeks of date of receipt of Proposals
	10.	Commence Due Diligence assessment	EIB	Date of receipt of Proposals onwards
	11.	Clarification and confirmation of Proposals (where necessary)	EIB	Date of receipt of Proposals onwards
	12.	Initial allocation of Projects by technology and geography	EIB	By 3 months from date of receipt of Proposals
	13.	Submit 3 month report to Commission	EIB	By 3 months from receipt of Proposals
	14.	Submit 6 month report to Commission	EIB	By 6 months from receipt of Proposals
	15.	Completion of Due Diligence assessment and Project reports	EIB	By 9 months from receipt of Proposals
	16.	Calculation of CPUP score	EIB	By 9 months from receipt of Proposals
	17.	Ranking of Projects	EIB	By 9 months from receipt of Proposals
	18.	Calculation of Funding Proportion	EIB	By 9 months from receipt of Proposals

	19.	Balancing in the insufficient funds case	EIB	By 9 months from receipt of Proposals
	20.	Submit 9 month report to Commission	EIB	By 9 months from receipt of Proposals
Stage 3: Confirmation and Award Decision	21.	Competitiveness Check	Commission	To be advised
	22.	Verification of Member State Eligibility Criteria Assessment for Projects for which recommendations for Award Decisions have been made	Commission	To be advised
	23.	Dissemination of information to Member States to inform their re-confirmation of support and/or deselection decision	Commission	To be advised
	24.	Confirmation of support and deselection of Projects as necessary	Member State	To be advised
	25.	Proposed Award Decision	Commission	To be advised
	26.	Consultation with Climate Change Committee	Commission	To be advised
	27.	Award Decision	Commission	To be advised
	28.	Submit Final report to Commission	EIB	One month after the Award Decision

5. INTERACTION OF COMPETITION PROCESS WITH OTHER PROCESSES

81. A number of other processes will be undertaken in parallel with the NER 300 Process which include:

1. the monetisation of Allowances and the management of revenues; and
2. State Aid notification and assessment.

82. The monetisation of Allowances under Article 10 of the Decision is not covered by this Manual. The main point of interaction will be regarding the final allocation of Projects to Groups and balancing, as the monetary value of the Allowances will need to be established in order to undertake the adjustment of projects to the available funds required under Article 8 (3).

6. OUTLINE OF THE INDIVIDUAL STEPS OF THE DUE DILIGENCE ASSESSMENT, RANKING AND RECOMMENDATION STAGE

83. The following section provides an overview of the process which will be undertaken in each of the steps which form the Due Diligence, ranking and recommendation stage. This enables the linkages between the individual stages to be understood fully.

84. More detailed guidance on the various steps which are undertaken by the EIB are provided in the relevant Appendices contained in Appendix A.

6.1. EIB review of completeness of proposals

85. The EIB will review the Proposals received to check that all required documentation has been provided as requested in the Call for Proposals.

86. Where the EIB considers Proposals are incomplete the EIB will follow the clarification process set out in Section 6.2 of this Manual. Project Sponsors will have up to 5 days to complete their Project Proposals by submitting all out-standing information, failing which the Project will be considered not to have concluded the Due Diligence assessment positively.

6.2. Clarification and confirmation of Proposals

87. The EIB, acting for the NER 300 process on the request of, on behalf of and for the account of the Commission, is entitled to seek clarification from Project Sponsors or Member States regarding either the completeness of their submission or any aspect of their response identified during the Due Diligence process if this is necessary.

88. The mechanism by which the EIB will seek clarification is as follows:

1. The EIB will issue the clarification question in a standard template (contained in Appendix A2) via email to the identified contact at the Project Sponsor. The EIB will specify in each case the deadline for receipt of the

clarification response, except in the case of the completeness check which is 5 days. Where relevant the Project Sponsor must clearly set out any implications for the cost of the Project as specified in the Application Form, consequent on the clarification in question;

2. Where agreement and/or confirmation are required from the Member State in order to respond to the clarification question it will be the Project Sponsor's responsibility to communicate with the Member State; and
 3. If justified, clarification may involve visits by the EIB.
89. All responses to clarification questions will be logged as received. However the additional information provided in the response may be evaluated at the discretion of the EIB. Where the information submitted is considered unsatisfactory, the Project will be considered to have not concluded Due Diligence positively.
90. The associated reporting requirements of the EIB relating to this stage and summaries of the documents are set out in Section 9 and Appendix B.

6.3. EIB technical and financial Due Diligence assessment

91. The EIB will be responsible, acting for the NER 300 process on the request of, on behalf of and for the account of the Commission, for undertaking the Due Diligence assessment on the proposed Projects submitted by Member States.
92. In situations where any substantive procedural or evaluatory issues arise which are not dealt with explicitly in this Manual, the Co-operation Agreement or the Decision, these matters should be raised with the Commission as appropriate.
93. A summary of the Project and any issues for the Commission to consider will be included in the Project report. The Due Diligence assessment of each Project will be documented by the EIB for internal purposes.
94. Given that Projects may be in various stages of development, it is possible that the Project Sponsor may have limited information with which to respond to information requests identified with a given Application Form. In this instance the approach proposed by the Project Sponsor in the Application Forms to developing or obtaining any missing information, and the relevant timescale for doing so, should be considered in the Due Diligence assessment. In particular the proposed approach to mitigating any associated Project risk should be considered.
95. Based on the Due Diligence assessment undertaken the EIB will for each Project conclude that:
1. the Due Diligence assessment has been concluded positively and the Project may proceed to ranking and possible recommendation for Award Decision; or
 2. the Due Diligence assessment could not be concluded positively.

96. Table 2 on the following page shows how the relevant areas of Due Diligence assessment as set out in Article 7 of the Decision correspond to the various Application and Submission Forms.

Table 2: Summary of specifications for undertaking Due Diligence

No.	Article 7 Activity	Application and Submission Forms Used (number references are to Application Forms unless otherwise specified)	Specifications for EIB	Contained in
1.	Technical			
(i)	- Technical scope	3,10,11,13 and 14	Section 3 –Technical Scope	Appendix A3
		3,4,5,9,10,11,12,13,14	Section 13 - Risk	
(ii)	- Costs	3,10,11 & 14 & Submission form 4 Relevant costs	Section 11 –Costs	Appendix A3
(iii)	- Implementation	3,4 and 5	Section 4 –Implementation	Appendix A3
		3,4,5,9,10,11,12,13,14	Section 13 - Risk	
(iv)	- Operation	3,11,14	Section 14 – Operation	Appendix A3
		3,4,5,9,10,11,12, 13,14	Section 13 - Risk	
(v)	- Environmental Impact	5	Section 5 –Environmental Impact	Appendix A3
2.	Financing	9	Section 9: Financial Standing	Appendix A4
		12	Section 12: Financing	
3.	Procurement Procedures	4		Appendix A5

Note: The Application Forms on which Due Diligence assessment is not undertaken either provide General Project Information (which will be summarised in the Project report) or are assessed by the Member State as part of the Eligibility Criteria Assessment.

97. The following section outlines the basis on which the Due Diligence assessment will be undertaken for each Proposal.

6.3.1. Technical

98. The Due Diligence assessment for the technical elements of the proposed Project covers several areas: (i) the technical scope of the Project, (ii) the Project costs, (iii) the implementation of the Project, and (iv) the operation of the Project.

6.3.1.1. Technical Scope

99. This should evidence that the Project is correctly sized and technically eligible for the Category/Sub-category for which it has applied.

100. Other questions include whether the Project is expected to be constructed using sound design and construction techniques and whether the Project is technically viable. To this end the Due Diligence assessment will have to have regard to the Project Sponsors' understanding of the risks associated with the Project.

101. Appendix A3 provides further information on the Due Diligence assessment to be undertaken regarding the technical scope of the due diligence assessment.

6.3.1.2. Project Costs

102. Treatment of Project costs is critical as these feed in directly to the CPUP calculation which is central to ranking of Projects.

103. The objective of the Due Diligence assessment in this area is several-fold. Firstly one must ascertain whether costs have been correctly categorised. In the case of CCS demonstration Projects, for instance, this will include whether Investment Costs and Operating Costs and Operating Benefits have been correctly identified in accordance with the Decision.

104. Costs should be reasonable and this should be evidenced by the Project Sponsor. Consideration should be given as to whether the Project Sponsor has provided sufficient evidence of its cost assumptions, and also to how firm these figures are, e.g. are they based upon contracted prices or best estimates.

105. The Project Sponsor should also have confirmed who will bear cost over-runs, i.e. whether this will be the Project Sponsor or the Member State.

106. Costs associated with any over-sizing should be excluded from Application Form 11. The Due Diligence assessment should confirm that this is the case.

107. Appendix A3 provides further information on the Due Diligence assessment to be undertaken regarding costs.

6.3.1.3. Implementation

108. The Project programme should outline in practice the sequence of activities by which the project is expected to achieve its operational phase..
109. Consideration should be given as to whether the statements made by the Project Sponsors in this regard are reasonable. For this reason the Project Sponsor has been asked to provide a programme showing critical path activities, including all relevant national permit procedures. The programme should be robust, i.e. it should be properly supported by an effective Project management approach; the participation of experienced parties; sound governance arrangements; risk management capabilities etc. This will also require consideration of whether the Project Sponsor has paid proper attention to the risks associated with their Project.
110. The Due Diligence will seek to determine the reasonableness of the Project programme and whether it is adequately supported by arrangements for Project and risk management as detailed above.
111. In addition, the Due Diligence will seek to understand how the Project is to be controlled and governed. It will seek to determine whether the proposed control and governance arrangements are sufficient to ensure the successful delivery of the Project. Where the Project Sponsor is yet to determine the governance arrangements, the assessment will cover the proposed plan and any supporting evidence provided.
112. Appendix A3 provides further information on the Due Diligence to be undertaken regarding implementation.

6.3.1.4. Operation

113. Operation is significant as it is linked to the Performance of the Project and impacts the CPUP which is used to rank Projects. For CCS Projects there is a need to understand whether the tonnes of CO₂ which the Project claims to be able to store are reasonable with regard to the Project size, capture rate, availabilities etc. Again this will require a consideration of whether the Project Sponsor has given a detailed and considered view of the risks associated with the Project.
114. Similarly for RES demonstration Projects, there is a need to confirm whether the MWh of generation, or energy equivalent, are realistic.
115. Appendix A3 provides further information on the Due Diligence assessment to be undertaken regarding operation.

6.3.1.5. Environmental Impact

116. The potential impact of the Project on the environment and the work which the Project Sponsor has done to consider the impact and manage and mitigate this, as well as the public consultation process on the Project are also a key area of Due Diligence. In addition to this the ability of the Project Sponsor to identify all of the relevant permitting requirements and to ensure that these have been, or will be, achieved in sufficient time to ensure operation of the Project.

117. Appendix A3 provides further information on the Due Diligence to be undertaken regarding environmental impact and permitting.

6.3.2. Financing

118. The Due Diligence assessment for the financing elements of the proposed Project will cover two areas, the financial standing of the Project Sponsor and the proposed financing plan for the Project.

119. The financial standing of the Project Sponsor is important in the context of the levels of risk that each member of the Project Sponsor will be required to take on. The financial standing assessment will apply to all entities of the Project Sponsor including those providing funding to the proposed Project. Where a member of the Project Sponsor is providing funding or taking risk and this contribution will be supported by a guarantee, indemnity or undertaking from a parent company or ultimate holding company, then in such circumstances the information requested in relation to the Project Sponsor must also be supplied for that parent company or ultimate holding company.

120. As the financial standing Due Diligence assessment will assess a number of quantitative factors (such as financial ratios and credit ratings) and qualitative factors, the overall financial standing conclusion will be of a qualitative nature. The EIB will determine whether the evidence provided in Proposals gives sufficient comfort that the Project Sponsor possesses the required financial standing to undertake the Project.

121. The assessment of the proposed financing plan of the Project will seek to determine the reasonableness of the financing assumptions made. The Due Diligence assessment will seek to determine the viability of the Project Sponsor's financing plan relative to the Project costs. Where a financing plan is not yet in place the assessment will seek to understand the viability of the Project Sponsor's proposals to secure the required funding.

122. Appendix A4 provides further information on the Due Diligence assessment to be undertaken regarding financing.

6.3.3. Procurement procedures

123. The procurement strategy of the sponsors will be assessed with a view to assessing compliance with relevant EU legislation and to identify possible risks relating to technologies, implementation and costs.

124. Appendix A5 provides further information on the Due Diligence assessment to be undertaken regarding procurement procedures.

6.4. Initial allocation of Projects based on technology

125. Each Project will be allocated to a technology Group/Category/Sub-category with its location and NER 300 Funding request.

126. Appendix A6 provides detail on the initial allocation based on technology.

6.5. Initial allocation of Projects based on geography

127. The geographical location of all Projects received, including Trans-boundary Projects, will be summarised to establish the number of Projects in each Member State and to identify where there are more than three (non Trans-boundary Projects) in any Member State.
128. Appendix A7 provides detail on the initial geographical allocation.
129. The results of both technological and geographical allocation and any related issues or concerns will be reported to the Commission in the EIB's 3 month report.

6.6. Calculation of Project's Cost Per Unit Performance

130. The EIB will calculate the CPUP score at the end of its 9 month Due Diligence assessment process.
131. The CPUP score will be based on the information received in the Application and Submission Forms, as follows:
1. The 'Costs' component of the CPUP will be calculated using the Relevant Costs data as provided by the Member State.
 2. The 'Performance' component will be calculated using the relevant outputs data as provided by the Project Sponsor.
132. Any adjustments made should be highlighted and explained in the Project reports.
133. Appendix A8 provides detail on the procedure to calculate the CPUP score.

6.7. Ranking of Projects to create list of pre-selected Projects

134. The EIB will rank all Projects, for which the financial and technical Due Diligence assessment has been concluded positively, in the order of increasing CPUP scores by Group (for CCS Projects) and by Sub-Category (for RES Projects). The top-ranked Project in each RES Sub-category is listed as a pre-selected Project, and the 34 Projects so identified constitute the RES Group. The eight top-ranked CCS Projects which meet the criteria specified in Article 8(2), 3rd sub-paragraph of the Decision constitute the CCS Group. The results will be contained in the EIB's 9 month report to the Commission. The approach for ranking is provided in Appendix A9.

6.8. Calculation of Funding Proportion

135. The EIB will calculate the Funding Proportion used to determine the split of NER 300 Funding between CCS and RES Groups. This will be based on the relative funding requests of the CCS Group and the RES Group. The results will be contained

in the EIB's 9 month report to the Commission. The approach for calculating the Funding Proportion is provided in Appendix A10.

136. Where the total NER funding available for the First Call is greater or less than the total request for funding from Projects that have been listed as pre-selected Projects, balancing will be undertaken. This will be an iterative process based on Article 8(3) of the Decision and detailed in Appendix A11.

7. PROCESSES WHICH OCCUR ACROSS THE COMPETITION PROCESS

137. The following section sets out a number of process/approaches which occur either throughout or at multiple stages in the NER 300 Process.

7.1. Interaction with Project Sponsors

138. The EIB, acting for the NER 300 process on the request of, on behalf of and for the account of the Commission, may require interaction with the Project Sponsor during the Due Diligence process. The process by which they will clarify aspects of the submission is set out in Section 6.2 and Appendices A1 & A2.

7.2. Notification of Changes

139. As per Section 12.6 of the Call, Project Sponsors may not change their Proposal in substance (e.g. with regard to the technological solution to be deployed, scale, projected output or requested funding), once it is submitted to the EIB. However, they must, without delay, inform the Member State, EIB and Commission of any change to the Project which might affect the assessment of the Project. The Project Sponsor must provide notification of the following:

1. Any change to the information provided in response to any questions in the Application Forms that may arise at any time during the Project Sponsor's participation in the NER 300 Process which may impact the eligibility of the Project;
2. Any material adverse change in the financial strength of the Project Sponsor, or member of the Project Sponsor occurring at any stage of the NER 300 Process;
3. Any changes in composition and/or any change of control in respect of the Project Sponsor, or member of the Project Sponsor, occurring at any stage of the NER 300 Process. Project Sponsors are encouraged to discuss any such proposed changes with the EIB before they occur; or
4. Any other changes that may influence the Project implementation such as regulatory matters, financing conditions or other.

140. The EIB will acknowledge receipt of the changes and where necessary may seek further clarification in accordance with the process set out in Appendix A2. The EIB

shall change the ranking accordingly, in the event that these changes influence the Project's CPUP.

8. REPORTING REQUIREMENTS REGARDING THE COMMISSION

141. The EIB's reporting requirements are set out in the Co-operation Agreement between the EIB and the Commission (a copy of which is included as Annex 3 of this Manual).
142. These consist of:
1. A work programme for the Due Diligence assessment (4 months after launch of the first Call for Proposals) - which is not covered in this Manual;
 2. A report on the Proposals submitted (6 weeks after receipt of Proposals from Member States);
 3. Three-monthly reports on the status of the assessment (the first report is due within 3 months after the receipt of Proposals from Member States, last report upon completion of Due Diligence assessment) – as set out in the timetable in Section 4.2 and in Section 9.3 below, it is envisaged that there will be three such reports; and
 4. A report on the EIB's experience of the First Round of Calls for Proposals (within one month of Award Decisions).

9. SUMMARY OF DOCUMENTS

143. The following table provides a summary of the reports which will be produced by the EIB for the Commission during the NER 300 Process. Draft report formats are presented in Appendix B.

Table 3: Summary of EIB reports for the Commission

	Type of report	Purpose	Submission date ²	Manual
1.	Interim reports to the Commission	Overall; To summarise work undertaken to date and bring any concerns or issues arising from the Due Diligence to the Commission's attention		
	• Six week	i. Summary of assessment of completeness	20 June 2011	Appendix B2
	• Three month	i. Table 4: Initial allocation of CCS Project Proposals ii. Table 5: Initial allocation of RES Project Proposals iii. Table 6: Geographical allocation of all Project Proposals	9 August 2011	Appendix B3
	• Six month	i. Progress on Due Diligence assessment ii. Updated Tables 4, 5 & 6 where applicable	9 November 2011	Appendix B4
	• Nine month	i. Table 9: Pre-selected CCS Projects and CCS request for NER funding & Table 10: Pre-selected RES Projects and RES request for NER funding ii. Table 11: Funding Proportion between CCS & RES Group iii. Updated Tables 9 & 10 (following balancing where appropriate) iv. Appendix: Project reports v. Appendix: Outcome of Eligibility Criteria Assessment - As provided by Member States	9 February 2012	Appendix B5
2.	Project report	Project-specific; To summarise each Project and the progress of Due Diligence assessment	9 February 2012	Appendix B1
3.	Final report	Overall; Synopsis of the work undertaken by the EIB, the outcomes and key learnings from this process and recommendations for future process improvement	One month after Award Decision	Appendix B6

² Based on Date of receipt of proposals of 9 May 2011.

9.1. Clarification document

144. The clarification document as included in Appendix A2 will be used by the EIB when seeking clarification of confirmation of matter arising from the initial EIB review of completeness or during the Due Diligence process.

9.2. Project report

145. The Project report, an outline of which is included in Appendix B1 provides a summary of the Project which will be generated for each Project. The EIB will complete the Project Summary, the Summary of EIB Due Diligence assessment and the Calculation of the CPUP sections as the EIB's work develops. The Commission intends to fill in the latter sections of the report (Outcome of the Commission's Review of Member State Eligibility Criteria Assessment and the Proposed Outcome).
146. The Project reports will be submitted to the Commission as appendices to the Nine month report containing the list of Recommended Projects to assist the Commission and as the detail which supports the Award Decision recommendation.

9.3. Interim report to the Commission

147. Under the Co-operation Agreement, the EIB will be submitting four Interim reports to the Commission at specified intervals of six weeks, three months, six months and nine months. These reports will summarise progress on work undertaken to date and bring any concerns or issues arising from the Due Diligence assessment for the Commission's attention. The specifics of each report are detailed in the sections below and in Appendices B2 - B5.

9.3.1. Six-week interim report to the Commission

148. This report will contain the results of the exercise to verify completeness of all Project Proposals. The completeness exercise will check that Project Proposals do not omit any required documentation. If this is the case, Project Sponsors will have a maximum of 5 days to submit any outstanding documents.
149. The draft report format is presented in Appendix B2.

9.3.2. Three-month interim report to the Commission

150. This report will contain the initial technological and geographical allocation of Projects.
151. The draft report format is presented in Appendix B3.

9.3.3. Six-month interim report to the Commission

152. This report will contain an update on the progress of the Due Diligence and updated versions of the technological and geographical allocation tables if applicable.

153. The draft report format is presented in Appendix B4.

9.3.4. Nine –month interim report to the Commission

154. This report will contain the results of the following:

- Issues arising from the Due Diligence assessment;
- Pre-selected CCS Projects and CCS request for NER funding as well as pre-selected RES projects and RES request for NER funding;
- Funding proportion between CCS & RES Group;
- List of Recommended Projects; and
- Detailed Project reports.

155. This report will also contain the Outcome of Eligibility Criteria Assessment provided by Member States at the time of submission of Project proposals. The EIB will not have conducted any Due Diligence assessment on this and will only pass it on to the Commission for verification.

156. The draft report format is presented in Appendix B5.

9.4. Final report

157. This report will contain a synopsis of the work undertaken by the EIB, the outcomes and key learnings from this process and recommendations for future process improvement. The draft report format is presented in Appendix B6.

10. ANNEXES

Annex 1: Final Decision

Provided separately

Annex 2: Call for proposals (including Appendices)

Provided separately

Annex 3: The Co-operation Agreement

Provided separately

11. APPENDICES

Appendix A: Guidance [Provided as separate files]

Appendix A1: Review of completeness of Project Proposal

Appendix A2: Process for clarification and confirmation

Appendix A3: Technical Due Diligence

Appendix A4: Financial Due Diligence

Appendix A5: Procurement procedures Due Diligence Guidance

Appendix A6: Initial allocation of Project Proposals

Appendix A7: Geographical allocation of Project Proposals

Appendix A8: Calculation of Cost Per Unit Performance

Appendix A9: Ranking of Projects to create list of pre-selected Projects

Appendix A10: Calculation of Funding Proportion

Appendix A11: Balancing

Appendix B: Draft report Formats [Provided as separate files]

Appendix B1: Project report

Appendix B2: Six-week interim report

Appendix B3: Three-month interim report

Appendix B4: Six-month interim report

Appendix B5: Nine-month report

Appendix B6: Final report