

## **Questions and Answers on the NER 300 Programme and the first Call for Proposals (07/02/2011)**

This document continues the series of Questions and Answers documents on the NER 300 programme and the first call for proposals published on the NER 300 website ([http://ec.europa.eu/clima/funding/ner300/index\\_en.htm](http://ec.europa.eu/clima/funding/ner300/index_en.htm)).

**189) Are projects for combined CO<sub>2</sub> storage and enhanced hydrocarbon recovery eligible for funding under NER300?**

Yes, provided the eligibility requirements set out in Article 6(1)(a) and (b) and Annex I A. I. and B. are met.

**190) Could a bio-refinery be eligible under the CCS Project Category "industrial applications", Annex I A. I. fourth indent of the Call?**

Annex I, Part A. I., 4<sup>th</sup> indent, (a) of the NER 300 Decision should be interpreted to refer to conventional refineries. Bio-refineries are potentially eligible under Annex I, Part A. II., first category (Bioenergy) of the NER 300 Decision.

**191) With regard to industrial applications and the case of CO<sub>2</sub> captured from the production of hydrogen supplied to the refinery from an outsourced installation, how much of the total hydrogen produced by the outsourced installation is required to be supplied to the refinery relative to other industrial or chemical processes for it to be eligible?**

According to Paragraph 46 of the Call for Proposals, there should be no discrimination between CO<sub>2</sub> captured from hydrogen production within the perimeter of the refinery, and CO<sub>2</sub> captured from the production of hydrogen supplied to the refinery from an outsourced installation. Thus for the refining sector, for any product in the process which can be produced either on-site or by outsourcing. "Stored CO<sub>2</sub> from one or more sources within the refinery" should be interpreted to include also CO<sub>2</sub> captured from the production of an imported product stream, e.g. from the production of hydrogen supplied to the refinery from an outsourced installation.

**192) Is it sufficient to submit annual accounts of all levels of companies which are involved in financing or is any parent company letter needed?**

The information provided in Application Form 12 will be used during the financial Due Diligence to reach an overall conclusion on the credibility of the Project Sponsor's financing and hence, the deliverability of the Project. Project Sponsors are expected to provide evidence of the Project Sponsor's ability to finance its capital and operational costs of the Project over the service period; for each stated source of funding, they are expected to provide evidence of the funder's willingness to provide finance. If financial sources of funding include financial support from any parent company, appropriate evidence should be included.

**193) Can the operators of two separate capture facilities form a single Project Sponsor for the purposes of making a single joint application for NER**

## **funding?**

Yes, provided the requirements on modularity and capacity thresholds as set out in paragraph 47 of the Call for proposals are met.

- 194) The Eligibility Criteria Assessment Form requests the Member State to confirm whether or not a Project is considered to be innovative - does this also apply to CCS projects?**

No. Pursuant to Article 6(1)(c) of the NER300 Decision, only Projects listed in Part A.II of Annex I, i.e. RES projects, must be innovative in nature. Existing, proven RES technologies are ineligible.

- 195) In the case of Proposals for Projects sharing infrastructure, is it clear that only the apportioned costs of the shared infrastructure should be included in the Proposal, but does the same apply in determining the level of public funding?**

In the case of Projects sharing infrastructure, only the apportioned additional benefits, within the meaning of Article 3(5) of the NER300 Decision, of the shared infrastructure relating to the Project for which an application is submitted should be included in the Proposal.

- 196) Under Annex I, A. II. first category Bioenergy, 6<sup>th</sup> sub-category under the NER 300 Decision (BIOf under the Call), the criterion for the conversion from lignocellulose to electricity is 48% efficiency based on lower heating value (50% moisture). The question is how the efficiency has to be calculated in case of a different moisture percentage?**

Project Sponsors shall provide evidence about how the efficiency threshold on electricity will be reached. In Application Form 10, the Project Sponsor should demonstrate that, for the purpose of the determination of electricity as the final product, full account has been taken of the impacts of the technology and processes associated with the plant, infrastructure and utilities proposed. In line with Application Form 3, Project Sponsors should provide additional information on the proposed power plant including mass and energy balances to take into account differences in moisture content of the feedstock(s).

- 197) If for an innovative RES technology the capacity threshold stated could only be achieved by the use of more than one single connections to the National Electricity Grid, could a derogation be sought to achieve the capacity threshold by more than one connections to the national grid, say 2 number 20MW connections instead of 1 number 40MW connection?**

Pursuant to paragraph 47 of the Call for proposals, the capacity thresholds should be considered as aggregate figures. The Project may be modular in design as long as the distribution of modules within the Project boundary is reasonably homogeneous and, for power generation, all modules are connected to the Grid via a single connection. The provisions on modularity should however not be applied to smart grid Projects. For non-smart grid Projects, therefore, a derogation to use more than one grid connections is not foreseen.

**198) When is a sub-station considered to be onsite and when is it considered to be off site (Application Form 7)?**

For some of the technologies, in particular for offshore wind and for ocean projects, in addition to the main (on-site) based Project site sub-station, it is expected that there will be remote connection into the main grid system (off-site); commonly these (off-site) sub-stations may be located quite remotely from the main Project site. In Application Form 7, Project Sponsors are required to provide information on the location of both.

**199) Is it a key requirement for RES projects to generate electricity or would a heat generating geothermal project be eligible?**

Unless the final product is otherwise specified in the NER 300 Decision, the final product for RES project subcategories is electricity. The Decision indicates for each subcategory the minimum threshold of electricity generation. For geothermal project subcategories, the Decision notes in Annex I Part A.II that combined heat and power (CHP) applications with the same electricity thresholds are equally eligible.

**200) Application Form 12: Under point 2 of the “financial model specification” it says: “The model should show the cashflows for the RES Project for each year of its life”. Does this “life” refer to the 5 years of operation or is the construction period included?**

Under point 2 of the Chapter “financial model specification”, the life years of the Projects for the purpose of calculating the Project cashflows, should be interpreted as at least the first 5 years of operation for a RES Project, but Project Sponsors are encouraged to provide also cashflows over the period which they consider to coincide with the economic lifespan of the RES Project. Further cashflows may also be presented over the period during which the RES Project would receive legally guaranteed feed-in tariffs.

**201) Do Project Sponsors have to specify a particular technology when submitting Project Proposals to the Member States by 9 February 2011?**

Project Sponsors are required to submit all relevant information to enable Member States to conduct their eligibility assessment of the submitted Proposals and to complete the submission forms in view of submitting eligible Project Proposals to the EIB by 9 May 2011. Such information should include the relevant technology categories and sub-categories under which Project Proposals are submitted.

**202) Can the deadline of 9 February 2011 be extended?**

No. Project Proposals have to be submitted to Member States by 9 February 2011. However, Member States may allow Project Sponsors to update their Proposals, and may discuss any updates of Proposals with Project Sponsors after that deadline and until submission of the Project Proposals to the EIB.

**203) What do Projects have to demonstrate to be considered "innovative in nature" pursuant to Article 6(1) (c) of the NER 300 Decision? At what point will this be assessed?**

RES Projects that are "innovative in nature" are expected to be ready for demonstration at pre-commercial scale by the time the Project will enter into operation, and have reasonable prospects of successful demonstration. This could be proven, for example, by evidence of an extensive pilot-scale or prototype-scale testing phase which has taken place over a significant period of time. The criterion will be assessed by Member States in the context of their eligibility assessment of the Projects proposed, and will be confirmed by the Commission when verifying the Member States' eligibility assessment.

**204) Will the Commission consider offering guidance on the load factors that should be used in the calculation of the CPUP? Will the EIB review the load factors of submitted Projects to ensure they are realistic during the Project evaluation stage?**

The Commission will not provide guidance on the load factors and other operational factors for purpose of calculating the CPUP. The EIB will undertake Due Diligence on the Proposals, including conducting detailed financial and technical Due Diligence in accordance with Article 7 of the NER 300 Decision and with specifications agreed with the Commission (Procedures Manual). These specifications include guidance for the evaluators to assess how reasonable the data - assumed and submitted with a Project Application – are. When performing the Due Diligence, the EIB will consider whether the assumptions submitted by Member States 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 outcome. See also Question 113.

**205) How will compliance with the requirement for CCS demonstration Projects to achieve a capture rate of 85% be assessed?**

Project Sponsors should provide information on the anticipated performance of the capture facilities in order to ensure that, on a design basis, the capture target will be met. The 85% capture rate should be considered as a lifetime average at normal operating conditions which needs to be reported on a yearly basis. See also Question 61.

**206) Under Annex I, A. II. first category Bioenergy, 4<sup>th</sup> sub-category under the NER 300 Decision (BIOd under the Call), how are BTL plants evaluated if they produce both electricity and liquid fuels? Is the CPUP calculated on the biofuel production or both biofuel and electricity production?**

If Projects under Subcategory [BIOd] entail the production of electricity and biofuels/bioliquids, both energy outputs have to be considered for the determination of the Performance of the Plant. For bio-energy Projects, plant output (e.g. tonnes, litres etc) needs to be converted to an energy equivalent basis (MW, MWh respectively). Project Sponsors should provide the calculation method showing how

this conversion has been done and include explicit statements of all assumptions that have been made in the determination of the output.