

# Flexibility in the energy system (Fleksibilitet i energisystemet)

State aid Reference no.: **this will be entered once the scheme has been registered**

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## **i. Description of the aid measure**

### **1. State**

Norway

### **2. Aid granting Authority**

Enova SF<sup>1</sup> is the authorized body to implement the Scheme.

### **3. Objective of the aid scheme and eligible activities**

The scheme Flexibility in the energy system (hereby the scheme) aims at speeding up the technology development and uptake of innovations that can contribute to a more flexible energy system across all sectors.

In this context, flexibility is understood as the energy system's ability to adapt to changing needs of the grid and manage variability and uncertainty of demand and supply across all relevant timescales.

Eligible for aid under the Scheme will be projects aiming at:

- Providing more flexibility in the energy system, i.e. through demand response, supply-side flexibility, advanced energy management systems, and energy storage.
- Extending the utilization of existing grid infrastructure.
- More efficient interaction between electric and thermal energy solutions.
- Improved heating and cooling solutions intended to alleviate stress on the electrical grid.

### **4. Scope of the scheme**

The Scheme is open to large undertakings and SMEs that are registered in the Norwegian Register of Business Enterprises<sup>2</sup>. The projects receiving aid under the Scheme must be realized in Norway or within the Norwegian economic zone.

### **5. Legal Basis**

Aid granted under this Scheme will comply with Commission Regulation (EU) No 651/2014<sup>3</sup> declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation or GBER), and the following article(s): 25, 36, 38, 41, 46, 48 and 49 GBER.

The national legal basis for aid granted under this Scheme is the present document<sup>4</sup> describing the Scheme's compliance under Commission Regulation (EU) No 651/2014 and the specific terms and conditions set by Enova.

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<sup>1</sup> <https://www.enova.no/about-enova/>

<sup>2</sup> <https://www.brreg.no/en/>

<sup>3</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014R0651-20230701>

<sup>4</sup> <https://www.enova.no/om-enova/drift/rettslig-grunnlag-for-enovas-stotteordninger/>

In order to ensure compliance with the Commission Regulation (EU) No 651/2014 (GBER), aid under the Scheme must fulfil the relevant requirements set in GBER in chapters I, II and III.

## **ii. Compliance with the general rules in GBER (art.1-12)**

### **6. Aid Category and Definitions**

Aid under the Scheme falls under the following categories of aid in line with article 1 of GBER:

- Aid for environmental protection (art. 1(c) GBER)
- Aid for research and development and innovation (art. 1(d) GBER)

For the purpose of the Scheme the definitions laid down in Chapter 1 Article 2 of the General Block Exemption Regulation (GBER) are applied by Enova SF.

Aid under the Scheme will be compliant with the scope of application of the GBER as described in the paragraphs of article 1 GBER.

Aid will not be granted to undertakings that are in difficulty or subject to a pending recovery order in line with article 1 §4(a) - (c) and article 2 §18 of GBER.

### **7. Notification thresholds, duration of the Scheme and total budget for aid under the Scheme**

In line with article 4 GBER, aid under the Scheme shall not exceed the following thresholds (also in cases when it is cumulated with other aid, ref. article 8 GBER):

In the case of aid for research and development:

- if the project is predominantly industrial research: EUR 35 million per undertaking, per project; that is the case where more than half of the eligible costs of the project are incurred through activities which fall within the category of industrial research or within the categories of industrial research and fundamental research taken together;
- if the project is predominantly experimental development: EUR 25 million per undertaking, per project; that is the case where more than half of the eligible costs of the project are incurred through activities which fall within the category of experimental development;
- aid for feasibility studies in preparation for research activities: EUR 8,25 million per study;

In the case of investment aid for environmental protection, unless otherwise specified: EUR 30 million per undertaking per investment project.

The thresholds set out or referred to above shall not be circumvented by artificially splitting up the aid schemes or aid projects.

The Scheme will run from February 2<sup>nd</sup> 2023 until December 31<sup>st</sup> 2028.

The annual budget for the Scheme is estimated to maximum 600 MNOK.

Should the budget for the Scheme increase Enova will inform the EFTA Surveillance Authority.

## 8. Transparency of aid

All aid awarded under the Scheme will be transparent and in line with criteria set out in Article 5 of the GBER.

Aid under the Scheme may be awarded by way of grants.

## 9. Incentive effect of the aid

The Scheme concerns aid that has an incentive effect, in line with the criteria set out in article 6 of the GBER.

Aid recipients must demonstrate that the aid is required for projects to proceed by submitting a written application before work on the project or activity has started. The application will as a minimum contain the following information (Art 6 GBER):

- (a) Name and size of the undertaking receiving the aid;
- (b) Description of the project, including its start and end dates;
- (c) Location of the project;
- (d) List of project costs;
- (e) Type of aid (for example grant) and amount of public funding needed for the project

## 10. Aid Intensity and eligible costs

In line with article 7 GBER, for the purposes of calculating aid intensity and eligible costs, all figures used shall be taken before any deduction of tax or other charge. Value added tax charged on eligible costs or expenses that is refundable under the applicable national tax law shall, however, not be taken into account for calculating aid intensity and eligible costs. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary. Aid payable in the future, including aid payable in several instalments, shall be discounted to its value at the moment it is granted. The eligible costs shall be discounted to their value at the moment the aid is granted. The interest rate to be used for discounting purposes shall be the discount rate applicable at the moment the aid is granted.

## 11. Cumulation

According to article 8 of the GBER, in determining whether the notification thresholds and the maximum aid intensities are respected, the total amount of State aid for the activity or project shall be taken into account. The total amount of State aid may be comprised of local, regional, national or other funds managed and controlled by Norway as a contracting party to the EEA Agreement.

EU funding that is understood as centrally managed by the institutions, agencies, joint undertakings or other bodies of the EU and outside the direct and indirect control of Norway will not be regarded as state aid and will thus not be taken into account when determining whether notification thresholds and maximum aid intensities or maximum aid amounts are respected.

The total amount of public funding, which includes State aid and EU funding together and is granted in relation to the same eligible costs should not exceed the most favourable funding rate<sup>5</sup> laid down in the applicable rules of EU/EEA Law.

Aid under the Scheme that is granted based on identifiable eligible costs may be cumulated with

- any other State aid, as long as those measures concern different identifiable eligible costs;
- any other State aid, in relation to the same eligible costs, partly or fully overlapping, only if such cumulation does not result in exceeding the highest aid intensity or aid amount applicable to this aid under GBER.

Aid provided under this Scheme will not be cumulated with any de minimis aid in respect of the same eligible costs, if such cumulation would breach the applicable aid intensities.

In all cases, cumulation of aid under the Scheme will respect the rules set out in article 8 of GBER.

## 12. Publication and Information

In accordance with article 9 GBER, Enova will ensure the publication on Norway's national State aid register of:

- The summary information about each aid measure exempted under GBER in the standardised format laid down in Annex II of the GBER (ref. GBER information sheet), or a link providing access to it
- The full text of each aid measure, including its amendments (ref. the Scheme), or a link providing access to it
- The information referred to in Annex III of the GBER on each individual aid award exceeding EUR 100 000

In particular, the information on each individual aid award shall be organised and accessible in a standardised manner, as described Annex III of GBER, and shall allow for effective search and download functions.

All the above information shall be published within 6 months from the date the aid was granted and shall be available for at least 10 years from the date on which the aid was granted.

## 13. Reporting and Monitoring

Enova will follow the requirements on reporting and monitoring as they are described in articles 11 and 12 of the GBER.

Detailed records with the necessary information and supporting documentation will be maintained for 10 years from the date of the last award of aid under the Scheme.

Enova will provide the EFTA Surveillance Authority with all the information and supporting documentation it considers necessary to monitor the application of the GBER within 20 working days of such request from the Authority.

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<sup>5</sup> The term "funding rate" is broader than "aid intensity". It refers to the ratio of the total amount of public funding (State aid and EU funding together) to the eligible costs for a specific project.

### iii. Compliance with Chapter 3 GBER

The costs of the project must be transparent and directly and exclusively related to the project. The eligible costs must also be specified at the time of application.

There is no automatic entitlement to support from the Scheme. All support is subject to rigorous due diligence appraisal and internal approval by Enova and all projects shall be assessed against the conditions of the Scheme, this includes the specific terms and conditions set out by Enova published at enova.no.

#### 14. Aid for research, development and innovation

##### Aid under article 25 GBER

Aid under the Scheme aimed at promoting research and development will be granted in line with the conditions set out in article 25 GBER.

The aided part of the research and development project shall completely fall within one or more of the following categories:

- experimental development
- feasibility studies

The eligible costs allocated to the above-mentioned categories are the following:

(a) personnel costs: researchers, technicians and other supporting staff to the extent employed on the project;

(b) costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible.

(c) Costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible. (d) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project;

(e) additional overheads and other operating expenses, including costs of materials, supplies and similar products, incurred directly as a result of the project;

The eligible costs for feasibility studies shall be the costs of the study.

The table below offers an overview of the applicable aid intensities:

Supported activity	Large Company	Medium Company	Small Company	Bonus if effective collaboration or wide dissemination

				<b>of results<sup>6</sup> (up to a maximum of 50%)</b>
<b>Experimental development</b>	<b>25%</b>	<b>35%</b>	<b>45%</b>	<b>15%</b>
<b>Feasibility Studies</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>	<b>-</b>

## 15. Aid for environmental protection

Aid under the Scheme aimed at promoting environmental protection will be granted in line with the conditions set out in articles 36, 38, 41, 46, 48 and 49 GBER.

### Aid under article 36 GBER

#### *Scope*

Aid for environmental protection, including decarbonisation, will be granted in line with article 36 GBER.

No aid shall be granted to investments in equipment, machinery and industrial production facilities using fossil fuels, including those using natural gas. This is without prejudice to the possibility to grant aid for the installation of add-on components improving the level of environmental protection of existing equipment, machinery and industrial production facilities, in which case the investment shall result neither in the expansion of the production capacity nor higher consumption of fossil fuels.

Aid shall not be granted where investments are undertaken to ensure that undertakings merely comply with the Union standards in force. Aid enabling undertakings to comply with Union standards that have been adopted but not yet in force may be granted under this Article provided that the investment for which the aid is granted is implemented and finalised at least 18 months before the date of entry into force of the standard concerned.

When the aid aims at reducing or avoiding direct emissions, the aid must not merely displace the emissions concerned from one sector to another and must overall reduce the targeted emissions; in particular, when the aid aims at reducing greenhouse gas emissions, the aid must not merely displace these emissions from one sector to another and must reduce them overall.

Article 36 shall not apply to measures for which more specific rules are laid down in GBER Articles 36a, 36b and 38 to 48.

Aid under article 36 GBER may be granted for the realisation of investments in:

- **equipment and machinery using, and infrastructure transporting**, hydrogen to the extent that the hydrogen used or transported qualifies as renewable hydrogen
- **equipment and machinery using** hydrogen-derived fuels the energy content of which is derived from renewable sources other than biomass and that have been produced in accordance with the methodologies set out for renewable liquid and

<sup>6</sup> The results of the project are widely disseminated through conferences, publication, open access repositories, or free or opensource software.

gaseous transport fuels of non-biological origin in Directive (EU) 2018/2001 and its implementing or delegated acts.

- **installations, equipment and machinery producing or using, and dedicated infrastructure** referred to in Article 2, point (130), last sentence, **transporting** hydrogen produced from electricity and which does not qualify as renewable hydrogen, to the extent that it can be demonstrated that the electricity-based hydrogen produced, used or transported achieves life-cycle greenhouse gas emissions savings of at least 70 % relative to a fossil fuel comparator of 94g CO<sub>2</sub>eq/MJ. To determine the life-cycle greenhouse gas emissions savings under this subparagraph, the greenhouse gas emissions linked to the production of electricity used to produce hydrogen shall be determined by the marginal generation unit in the bidding zone where the electrolyser is located in the imbalance settlement periods when the electrolyser consumes electricity from the grid

The hydrogen in the above cases shall be used, transported or – where relevant – produced throughout the lifetime of the investment. Norway shall obtain a commitment to that effect.

To be eligible for aid for **environmental protection**, including aid for the reduction and removal of greenhouse gas emissions in line with article 36 GBER, the investment shall fulfil one of the following conditions:

(a) it shall enable the implementation of a project leading to an increase in the environmental protection of the activities of the beneficiary, beyond Union standards in force, irrespective of the presence of mandatory national standards that are more stringent than the Union standards; for projects linked to or involving dedicated infrastructure referred to in GBER Article 2, point (130), last sentence, for hydrogen within the meaning of paragraph 1b, waste heat or CO<sub>2</sub> or including a connection to energy infrastructure for hydrogen within the meaning of paragraph 1b, waste heat or CO<sub>2</sub>, the increase in the environmental protection may also result from the activities of another entity involved in the infrastructure chain;

or

(b) it shall enable the implementation of a project leading to an increase in the environmental protection of the activities of the beneficiary in the absence of Union standards; for projects linked to or involving dedicated infrastructure referred to in Article 2, point (130), last sentence, for hydrogen within the meaning of paragraph 1b, waste heat or CO<sub>2</sub> or including a connection to energy infrastructure for hydrogen within the meaning of paragraph 1b, waste heat or CO<sub>2</sub>, the increase in the environmental protection may also result from the activities of another entity involved in the infrastructure chain;

or

(c) it shall enable the implementation of a project leading to an increase in the environmental protection of the activities of the beneficiary to comply with Union standards that have been adopted but are not yet in force; for projects linked to or involving dedicated infrastructure referred to in Article 2, point (130), last sentence, for hydrogen within the meaning of paragraph 1b, waste heat or CO<sub>2</sub> or including a connection to energy infrastructure for hydrogen within the meaning of paragraph 1b, waste heat or CO<sub>2</sub>, the increase in the environmental protection may also result from the activities of another entity involved in the infrastructure chain.



### *Eligible costs and Aid Intensity*

The eligible costs shall be the extra investment costs determined by comparing the costs of the investment to those of a counterfactual scenario that would occur in the absence of the aid, as follows:

(a) where the counterfactual scenario consists in carrying out a less environmentally-friendly investment that corresponds to normal commercial practice in the sector or for the activity concerned, the eligible costs shall consist in the difference between the costs of the investment for which State aid is granted and the costs of the less environmentally-friendly investment;

(b) where the counterfactual scenario consists in carrying out the same investment at a later point in time, the eligible costs shall consist in the difference between the costs of the investment for which State aid is granted and the Net Present Value of the costs of the later investment, discounted to the point in time when the aided investment would be undertaken;

(c) where the counterfactual scenario consists in maintaining the existing installations and equipment in operation, the eligible costs shall consist in the difference between the costs of the investment for which State aid is granted and the Net Present Value of the investments in the maintenance, repair and modernisation of the existing installations and equipment, discounted to the point in time when the aided investment would be undertaken;

(d) in the case of equipment subject to leasing agreements, the eligible costs shall consist in the difference in Net Present Value between the leasing of equipment for which State aid is granted and the leasing of the less environmentally-friendly equipment that would be leased in the absence of the aid; the leasing costs shall not include costs relating to the operation of the equipment or installation (fuel costs, insurance, maintenance, other consumables), irrespective of whether they are part of the leasing contract.

In all cases, the counterfactual scenario shall correspond to an investment with comparable output capacity and lifetime that complies with Union standards already in force. The counterfactual scenario shall be credible in the light of legal requirements, market conditions and incentives generated by the EU ETS system.

The total investment costs will be eligible where aid is granted for:

- the installation of an add-on component to an already existing facility, for which there is no less environmentally-friendly counterfactual investment
- the construction of dedicated infrastructure referred to in Article 2, point (130), last sentence, for hydrogen within the meaning of paragraph 1b, waste heat or CO<sub>2</sub>, that is necessary to enable the increase in the level of environmental protection as referred to in paragraphs 2 and 2a of article 36 GBER

The following costs are not eligible under Article 36 GBER:

- Costs for the construction or upgrade of storage facilities, with the exception of storage facilities for renewable hydrogen and hydrogen covered by paragraph 1b, second subparagraph Article 36 GBER
- Costs not directly linked to the achievement of a higher level of environmental protection

<b>Supported activity</b>	<b>Aid Intensity for Large Company</b>	<b>Aid Intensity for Medium Company</b>	<b>Aid Intensity for Small Company</b>
<b>Investment aid for environmental protection</b>	<b>40%</b>	<b>50%</b>	<b>50%</b>
<b>Investment aid for environmental protection, not relying on use of biomass and resulting in a 100 % reduction of the direct greenhouse gas emissions</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>

*Alternative determination of aid amount under Article 36 GBER*

- a) An alternative to the rules determining the calculation of the eligible costs and the aid intensity described above, would be the rule that the aid amount shall not exceed the difference between the investment costs directly linked to the achievement of a higher level of environmental protection and the operating profit of the investment. The operating profit shall be deducted from the eligible costs ex ante, on the basis of reasonable projections and verified ex post through a claw-back mechanism.
- b) the eligible costs may be determined without the identification of a counterfactual scenario and in the absence of a competitive bidding process. In that case, the eligible costs shall be the investment costs directly linked to the achievement of a higher level of environmental protection and the applicable aid intensities and bonuses are reduced by 50 %.

<b>Supported activity</b>	<b>Aid Intensity for Large Company</b>	<b>Aid Intensity for Medium Company</b>	<b>Aid Intensity for Small Company</b>
<b>Investment aid for environmental protection</b>	<b>20%</b>	<b>25%</b>	<b>25%</b>
<b>Investment aid for environmental protection, not relying on use of biomass and resulting in a 100 % reduction of the direct greenhouse gas emissions</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>

## **Aid under article 38 GBER**

*Scope*

Aid for energy efficiency measures other than in buildings, will be granted in line with article 38 GBER.

No aid shall be granted under article 38 GBER for investments:

- undertaken to comply with Union standards that have been adopted and are in force
- in cogeneration and district heating and /or cooling

- entailing the installation of energy equipment fired by fossil fuels, including natural gas
- in energy efficiency measures in buildings

Aid may be granted under article 38 GBER for investments undertaken to comply with Union standards that have been adopted but are not yet in force, provided that the investment is implemented and finalised at least 18 months before the standard enters into force.

#### *Eligible costs and Aid Intensity*

The eligible costs shall be the extra investment costs necessary to achieve the higher level of energy efficiency. They shall be determined by comparing the costs of the investment to those of the counterfactual scenario that would occur in the absence of the aid, as follows:

(a) where the counterfactual scenario consists in carrying out a less energy-efficient investment that corresponds to normal commercial practice in the sector or for the activity concerned, the eligible costs shall consist in the difference between the costs of the investment for which State aid is granted and the costs of the less energy-efficient investment;

(b) where the counterfactual scenario consists in carrying out the same investment at a later point in time, the eligible costs shall consist in the difference between the costs of the investment for which State aid is granted and the Net Present Value of the costs of the later investment, discounted to the point in time when the aided investment would be undertaken;

(c) where the counterfactual scenario consists in maintaining the existing installations and equipment in operation, the eligible costs shall consist in the difference between the costs of the investment for which State aid is granted and the Net Present Value of the investment in the maintenance, repair and modernisation of the existing installation and equipment, discounted to the point in time when the aided investment would be undertaken;

(d) In the case of equipment subject to leasing agreements, the eligible costs shall consist in the difference in Net Present Value between the leasing of the equipment for which State aid is granted and the leasing of the less energy-efficient equipment that would be leased in the absence of aid; the leasing costs shall not include costs relating to the operation of the equipment or installation (fuel costs, insurance, maintenance, other consumables), irrespective of whether they are part of the leasing contract.

In all cases, the counterfactual shall correspond to an investment with comparable output capacity and lifetime that complies with Union standards already in force. The counterfactual shall be credible in the light of legal requirements, market conditions and incentives generated by the EU ETS system.

The total investment costs will be eligible where aid is granted for:

- clearly identifiable investments solely aimed at improving energy efficiency, for which there is no less energy efficient counterfactual investment,

The following costs are not eligible under Article 38 GBER:

- Costs not directly linked to the achievement of a higher level of energy efficiency

<b>Supported activity</b>	<b>Aid Intensity for Large Company</b>	<b>Aid Intensity for Medium Company</b>	<b>Aid Intensity for Small Company</b>
<b>Investment aid for energy efficiency measures, other than in buildings</b>	<b>30%</b>	<b>40%</b>	<b>50%</b>

*Alternative determination of aid amount under Article 38 GBER*

The eligible costs may be determined without the identification of a counterfactual scenario and in the absence of a competitive bidding process. In that case, the eligible costs shall be the total investment costs directly linked to the achievement of a higher level of energy efficiency and the applicable aid intensities and bonuses are reduced by 50 %.

<b>Supported activity</b>	<b>Aid Intensity for Large Company</b>	<b>Aid Intensity for Medium Company</b>	<b>Aid Intensity for Small Company</b>
<b>Investment aid for energy efficiency measures, other than in buildings</b>	<b>15%</b>	<b>20%</b>	<b>25%</b>

## **Aid under article 41 GBER**

*Scope*

Aid for the promotion of energy from renewable sources, of renewable hydrogen and of high-efficiency cogeneration will be granted in line with article 41 GBER.

Aid shall be granted in respect of newly installed or refurbished capacities. The aid amount shall be independent from the output.

No aid will be granted for the promotion of electricity from renewable hydrogen.

Aid may be granted under article 41 GBER for investments in:

- electricity storage projects to the extent that aid is granted to combined renewable and storage projects (behind-the-meter), where both elements are components of a single investment or where storage is connected to an existing renewable generation installation. The storage component shall absorb at least 75 % of its energy from directly connected renewable energy generation installation, on an annual basis. All investment components (generation and storage) are considered to constitute a single integrated project for verification of compliance with the thresholds set out in Article 4 GBER. The same rules shall apply to thermal storage directly connected to a renewable energy production installation.

- electricity and thermal storage projects directly connected to high-efficiency cogeneration based on renewable energy sources

*Eligible costs and Aid Intensity*

The eligible costs shall be the total investment costs.

<b>Supported activity</b>	<b>Aid Intensity for Large Company</b>	<b>Aid Intensity for Medium Company</b>	<b>Aid Intensity for Small Company</b>
<b>Investment aid for the promotion of energy from renewable sources, including heat pumps compliant with Annex VII to Directive 2018/2001, renewable hydrogen and high-efficiency cogeneration based on renewable energy sources</b>	<b>45%</b>	<b>50%</b>	<b>50%</b>
<b>Other eligible investment</b>	<b>30%</b>	<b>40%</b>	<b>50%</b>

**Aid under article 46 GBER**

*Scope*

Investment aid for energy efficient district heating and/or cooling will be granted in line with article 46 GBER.

Aid shall only be granted for the construction, extension or upgrade of district heating and/or cooling systems that are or are to become energy efficient as defined in Article 2, point (41), of Directive 2012/27/EU. Where the system does not yet become fully energy efficient as a result of the supported works on the distribution network, the additional upgrades required to fulfil the conditions for falling under the definition of energy efficient district heating and/or cooling shall, for heating and/or cooling generation facilities which are subject to the aid, commence within 3 years from the start of the supported works on the distribution network.

Aid may be granted for energy generation based on renewable sources, including heat pumps compliant with Annex VII to Directive (EU) 2018/2001, waste heat or high-efficient cogeneration, as well as thermal storage solutions. Aid for energy generation based on waste may be based either on waste that meets the definition of renewable energy sources or waste used to fuel installations that meet the definition of high-efficiency cogeneration. Waste used as input fuel must not circumvent the waste hierarchy principle as defined in Article 4(1), of Directive 2008/98/EC.

No aid will be granted for the construction or upgrade of fossil fuel based generation facilities, except for natural gas. Aid for the construction or upgrade of natural gas based generation facilities may be granted only where compliance with the 2030 and 2050 climate targets is ensured in accordance with Annex 1, section 4.30 of Delegated Regulation (EU) 2021/2139.

Aid for upgrades of storage and distribution networks that transmit heating and cooling generated based on fossil fuels may only be granted where all of the following conditions are met:

(a) the distribution network is or becomes suitable for the transmission of heating or cooling generated from renewable energy sources and/or waste heat;

(b) the upgrade does not result in an increased generation of energy from fossil fuels except for natural gas. In case of an upgrade to the storage or network distributing heating and cooling

generated from natural gas, in as far as the upgrade results in an increased generation of energy from natural gas, those generation facilities need to be in compliance with the 2030 and 2050 climate targets, in accordance with Annex 1, section 4.31, to Delegated Regulation (EU) 2021/2139.

#### *Eligible costs and Aid Intensity*

The eligible costs shall be the investment costs related to the construction or upgrade of an energy efficient district heating and/or cooling system.

<b>Supported activity</b>	<b>Aid Intensity for Large Company</b>	<b>Aid Intensity for Medium Company</b>	<b>Aid Intensity for Small Company</b>
<b>Investment aid for energy efficient district heating and/or cooling</b>	<b>30%</b>	<b>40%</b>	<b>50%</b>
<b>Investment aid for energy efficient district heating and/or cooling using only renewable energy sources, waste heat, or a combination of the two, including renewable cogeneration.</b>	<b>45%</b>	<b>50%</b>	<b>50%</b>

#### *Alternative determination of aid amount under Article 46 GBER*

Alternatively, the aid intensity may reach up to 100 % of the funding gap. The aid shall be limited to the minimum needed for carrying out the aided project or activity. This condition is fulfilled if the aid corresponds to the funding gap as defined under GBER Article 2, point (118). A detailed assessment of the net extra cost is not required if the aid amounts are determined through a competitive bidding process, because the latter provides a reliable estimate of the minimum aid required by potential beneficiaries.

### **Aid under Article 48 GBER**

#### *Scope*

Aid for investment in energy infrastructure will be granted in accordance with the conditions set out in Article 48 GBER.

The Scheme supports investments for the construction or upgrade of energy infrastructure.

Aid for energy infrastructure that is partly or fully exempted from third party access or tariff regulation in accordance with internal energy market legislation shall not be exempted under this Article from the notification requirement of Article 108(3) of the Treaty.

No aid for investments in electricity and gas storage projects will be granted under the scheme.

Aid for gas infrastructure shall only be granted in the case where the infrastructure in question is dedicated to the use for hydrogen and/or for renewable gases or used for the transport of more than 50 % hydrogen and renewable gases.

### *Eligible costs and Aid Intensity*

The eligible costs shall be the total investment costs.

The aid intensity may reach up to 100 % of the funding gap<sup>7</sup>. The aid shall be limited to the minimum needed for carrying out the aided project or activity. This condition is fulfilled if the aid corresponds to the funding gap as defined under GBER Article 2, point (118).

A detailed assessment of the net extra cost is not required if the aid amounts are determined through a competitive bidding process, because it provides a reliable estimate of the minimum aid required by potential beneficiaries.

## **Aid under Article 49 GBER**

### *Scope*

Aid for studies and consultancy services on environmental protection and energy matters will be granted in accordance with the conditions set out in Article 49 GBER.

The Scheme supports investments in studies, or consultancy services, including energy audits, directly linked to investments referred to in Section 7 of the GBER. The eligible costs shall be the costs of the study or consultancy service. Where only part of the study or consultancy service concerns investments eligible for aid under Section 7 of the GBER, the eligible costs shall be the costs of the part of the study or consultancy service relating to those investments.

Aid shall be granted irrespective of whether the findings of the study or the consultancy service are followed by an investment eligible for aid under Section 7 of the GBER.

Aid shall not be granted to large undertakings for energy audits carried out to comply with Directive 2012/27/EU, unless the energy audit is carried out in addition to the mandatory energy audit under that Directive.

<b>Supported activity</b>	<b>Aid Intensity for Large Company</b>	<b>Aid Intensity for Medium Company</b>	<b>Aid Intensity for Small Company</b>
<b>Aid for environmental studies</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>

<sup>7</sup> 'funding gap' means the net extra cost determined by the difference between the economic revenues and costs (including the investment and operation) of the aided project and those of the alternative project which the aid beneficiary would credibly carry out in the absence of aid. To determine the funding gap, the Member State must quantify, for the factual scenario and a credible counterfactual scenario, all main costs and revenues, the estimated weighted average cost of capital ('WACC') of the beneficiaries to discount future cash flows, as well as the net present value ('NPV') for the factual and counterfactual scenarios, over the lifetime of the project. The typical net extra cost can be estimated as the difference between the NPV for the factual scenario and for the counterfactual scenario over the lifetime of the reference project.

#### **iv. Terms and conditions set out by Enova**

##### **16. Specific terms and conditions set by Enova**

More specific terms and condition for aid under the scheme are described for each measure under the scheme and published at Enova's web page [www.enova.no](http://www.enova.no).

The eligibility for aid, maximum aid, aid intensity and duration of the aid measure might be more limited than what is set out in GBER and described in chapter ii and iii in this document.

The scheme replaces the "Scheme Flexibility in the energy system programme" with

State aid Reference no.: GBER 27/2023/ENV

The scheme was approved by Enova's board of directors on 14 December 2022.