

Aid for the promotion of energy-efficient and renewable thermal energy in buildings and industry (Støtte til fremme av energieffektiv og fornybar termisk energi i bygg og industri)

State aid Reference no.: GBER 72/2024/ENV

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i. Description of the aid measure

1. State

Norway

2. Aid granting Authority

Enova SF¹ is the authorized body to implement the Scheme.

3. Objective of the aid scheme and eligible activities

The “Aid for the promotion of energy-efficient and renewable thermal energy in buildings and industry” Scheme aims at supporting undertakings who

- wish to establish new district heating infrastructure and contribute to increased innovation within the district heating sector (District cooling solutions can, under certain conditions, also receive support), in accordance with article 46, or
- wish to establish local thermal energy centrals based on renewable energy, in accordance with article 41.

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

- construction, extension or upgrade of energy efficient district heating and/or cooling systems, which includes the construction, extension or the upgrade of heating or cooling generation installations and/or thermal storage solutions and/or the distribution network, or
- thermal 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

4. Scope of the scheme

The Scheme is open to large undertakings and SMEs that are registered in the Norwegian Register of Business Enterprises². The projects receiving aid under the Scheme must be realized in Norway or within the Norwegian economic zone.

5. Legal Basis

The national legal basis for Enova SF as aid grantor is:

- Parliamentary Decision of 5 April 2001³ on the basis of a proposition by the Ministry of Petroleum and Energy of 21 December 2000⁴ The Parliamentary Decision amends the Energy Act of 29 June 1990 No 50 (Energiloven)

¹ <https://www.enova.no/about-enova/>

² <https://www.brreg.no/en/>

³ Odelstingets vedtak til lov om endringer i lov 29. juni 1990 nr. 50 om produksjon, omforming, overføring, omsetning og fordeling av energi m.m. (energilova). (Besl.O.nr.75 (2000-2001), jf. Innst.O.nr.59 (2000-2001) og Ot.prp.nr.35 (2000-2001)).

⁴ Ot.prp.nr.35 (2000-2001)

- the Agreement⁵ (Avtalen) between Enova and the Ministry of Climate and Environment⁶, on the management of the funds derived from Enova's budget.

Aid granted under this Scheme will comply with Commission Regulation (EU) No 651/2014⁷, 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: GBER articles 41 and 46.

The national legal basis for aid granted under this Scheme is the present document⁸ describing the Scheme's compliance under Commission Regulation (EU) No 651/2014 and the specific terms and conditions set by Enova.

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)

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 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 June 10th until December 31st 2028.

⁵ The agreement can be found in: <https://www.enova.no/om-enova/om-organisasjonen/oppdragsbrev-og-avtaler/>

⁶ On the 1st May 2018 the ownership of Enova (and the Agreement) was transferred from the Ministry of Oil and Energy to the Ministry of Climate and Environment. Reference is made to the letter of assignment (Oppdrags brev 2019) of Enova's ownership.

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014R0651-20230701>

⁸ <https://www.enova.no/om-enova/drift/rettslig-grunnlag-for-enovas-stotteordninger/>

The annual budget for the Scheme is estimated to maximum 700 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 rate⁹ 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.

⁹ 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 and the criteria set out by Enova.

14. Aid for environmental protection

Aid under the Scheme aimed at promoting environmental protection will be granted in line with the conditions set out in article 41 and 46 GBER.

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:

- promotion of energy from renewable energy sources, of renewable hydrogen and of high-efficiency cogeneration, with the exception of electricity produced from renewable hydrogen, shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.

- 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.

- the production and storage of biofuels, bioliquids, biogas (including biomethane) and biomass fuels to the extent that the aided fuels are compliant with the sustainability and greenhouse gases emissions saving criteria of Directive (EU) 2018/2001 and its implementing or delegated acts and are made from the feedstock listed in Annex IX to that Directive. The storage component shall obtain at least 75 % of its fuel content from directly connected biofuels, bioliquids, biogas (including biomethane) and biomass fuels production installations, on an annual basis. All investment components (production and storage) are considered to constitute a single integrated project for verification of compliance with the thresholds set out in Article 4 of GBER.

- high-efficiency cogeneration units to the extent that they provide overall primary energy savings compared to separate production of heat and electricity as provided for by Directive 2012/27/EU or any subsequent legislation replacing this act in full or in part.
- electricity and thermal storage projects directly connected to high-efficiency cogeneration based on renewable energy sources
- high-efficiency cogeneration that is not for fossil fuel fired cogeneration installations, with the exception of natural gas where compliance with the 2030 and 2050 climate targets is ensured in accordance with section 4.30 of Annex 1 to Commission Delegated Regulation (EU) 2021/2139

Eligible costs and Aid Intensity

The eligible costs shall be the total investment costs.

Supported activity	Aid Intensity for Large Company	Aid Intensity for Medium Company	Aid Intensity for Small Company
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	45%	50%	50%
Other eligible investment	30%	40%	50%

The aid intensity may reach 100 % of the eligible costs where aid is granted in a competitive bidding process, which fulfils all of the following conditions in addition to those laid down in Article 2, point (38) GBER:

- (a) the aid award shall be based on objective, clear, transparent and non-discriminatory eligibility and selection criteria, defined ex ante and published at least 6 weeks in advance of the deadline for submitting applications, to enable effective competition;
- (b) during the implementation of a scheme, in case of a bidding process where all bidders receive aid, the design of said process shall be corrected to restore effective competition in the subsequent bidding processes, for example, by reducing the budget or volume;
- (c) ex post adjustments to the bidding process outcome (such as subsequent negotiations on bid results or rationing) shall be excluded;
- (d) at least 70 % of the total selection criteria used for ranking bids and, ultimately, for allocating the aid in the competitive bidding process shall be defined in terms of aid per unit of energy capacity from renewable sources or high efficiency-cogeneration.

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.

Supported activity	Aid Intensity for Large Company	Aid Intensity for Medium Company	Aid Intensity for Small Company
Investment aid for energy efficient district heating and/or cooling	30%	40%	50%

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.	45%	55%	65%
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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.

iv. Terms and conditions set by Enova

15. Specific terms and conditions set by Enova

More specific terms and conditions for aid under the Scheme are described for each measure under the Scheme and published at Enova's web page www.enova.no.

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

The Scheme replaces former legal basis for an existing aid measure, ensuring compliance with the revised GBER.

The aid measure was approved by Enova's Director of Technology and Market Astrid Lilliestråle 8th September 2023.