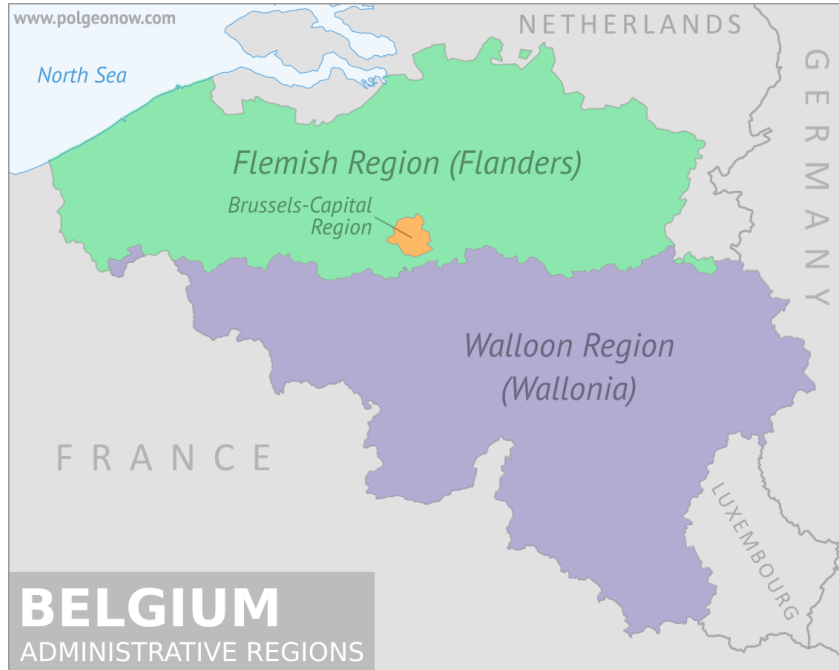


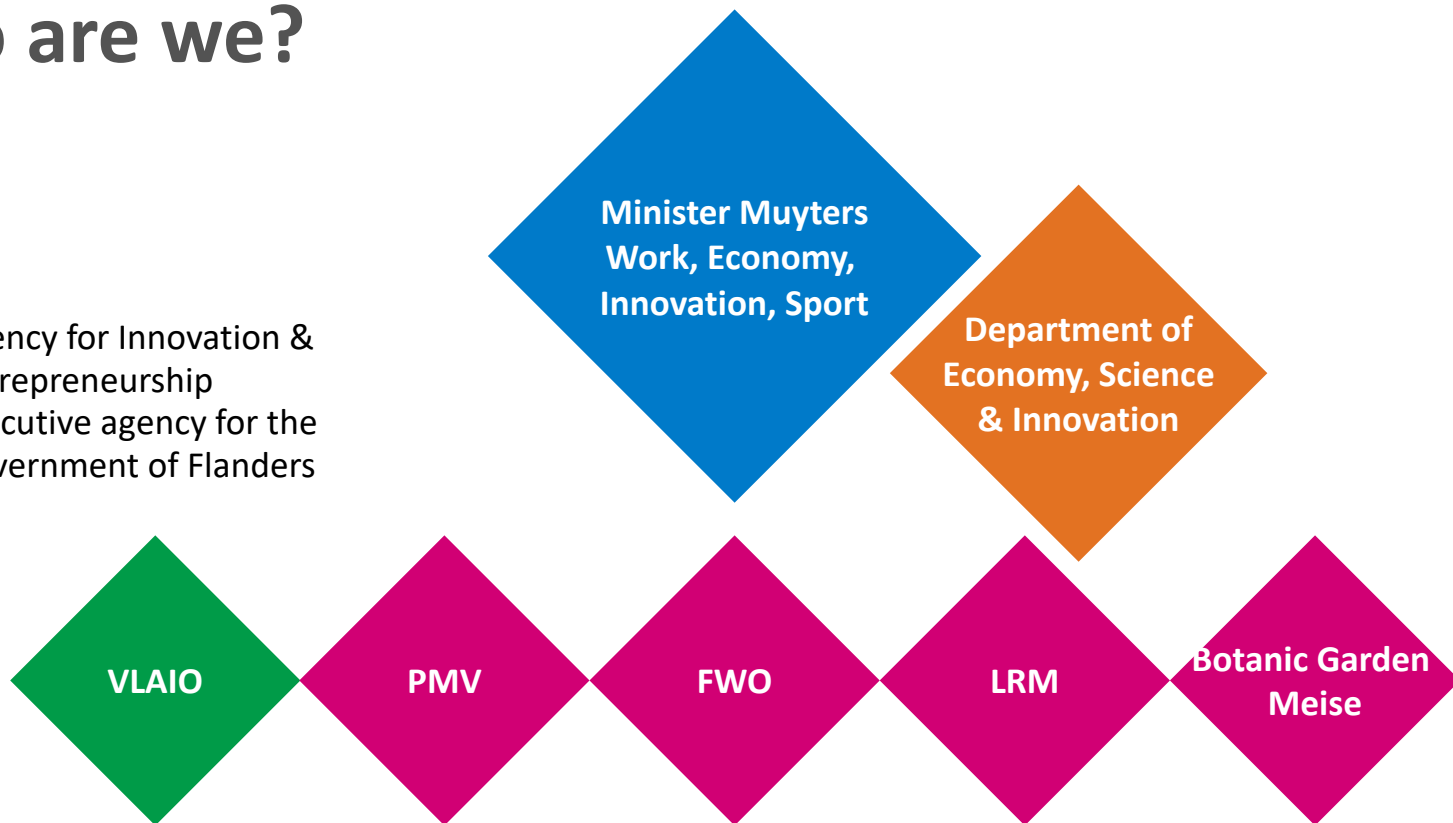
Workshop on the State Aid Maps in Energy of 19- 20/03/2019

Who are we?



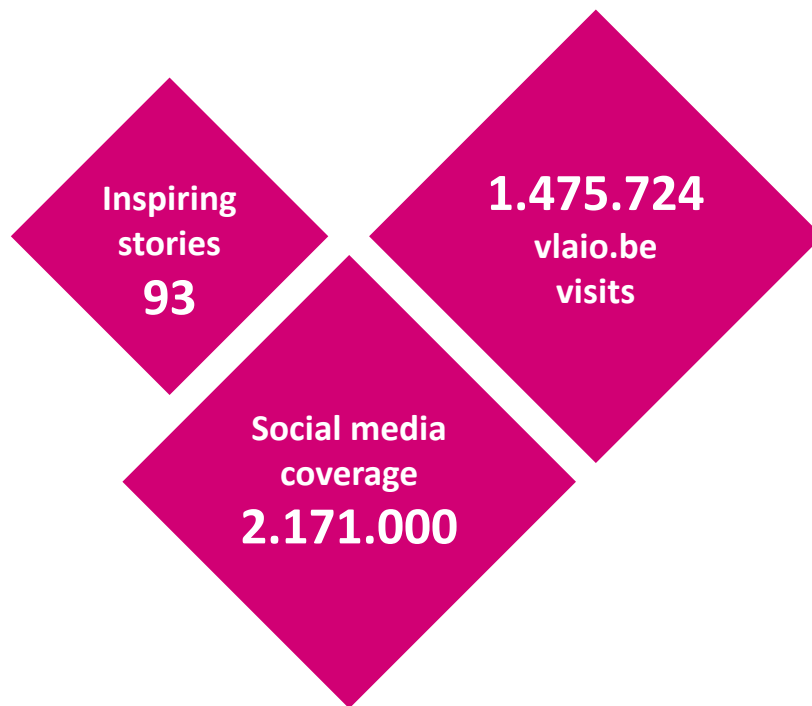
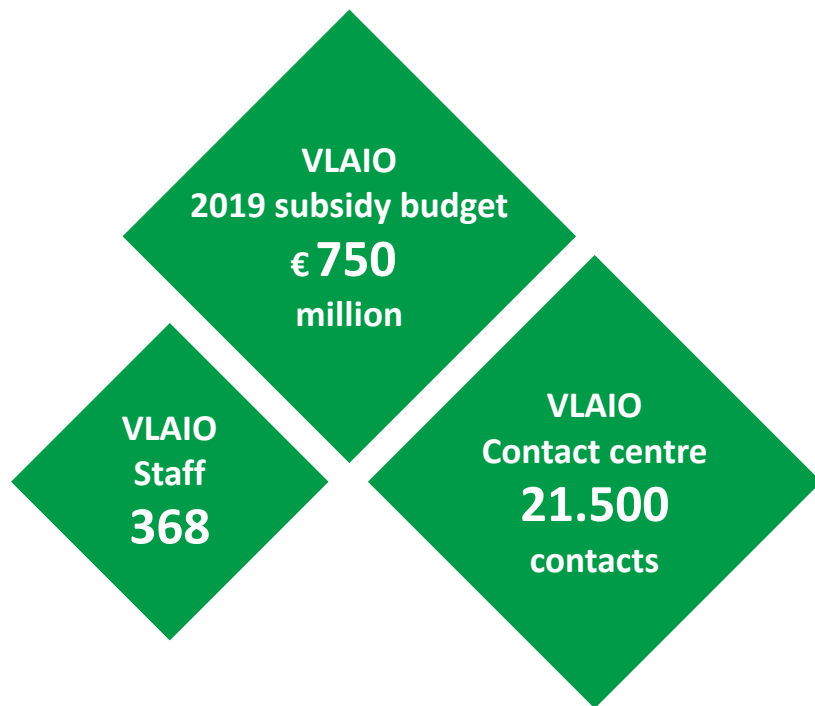
Who are we?

- Agency for Innovation & Entrepreneurship
- Executive agency for the Government of Flanders

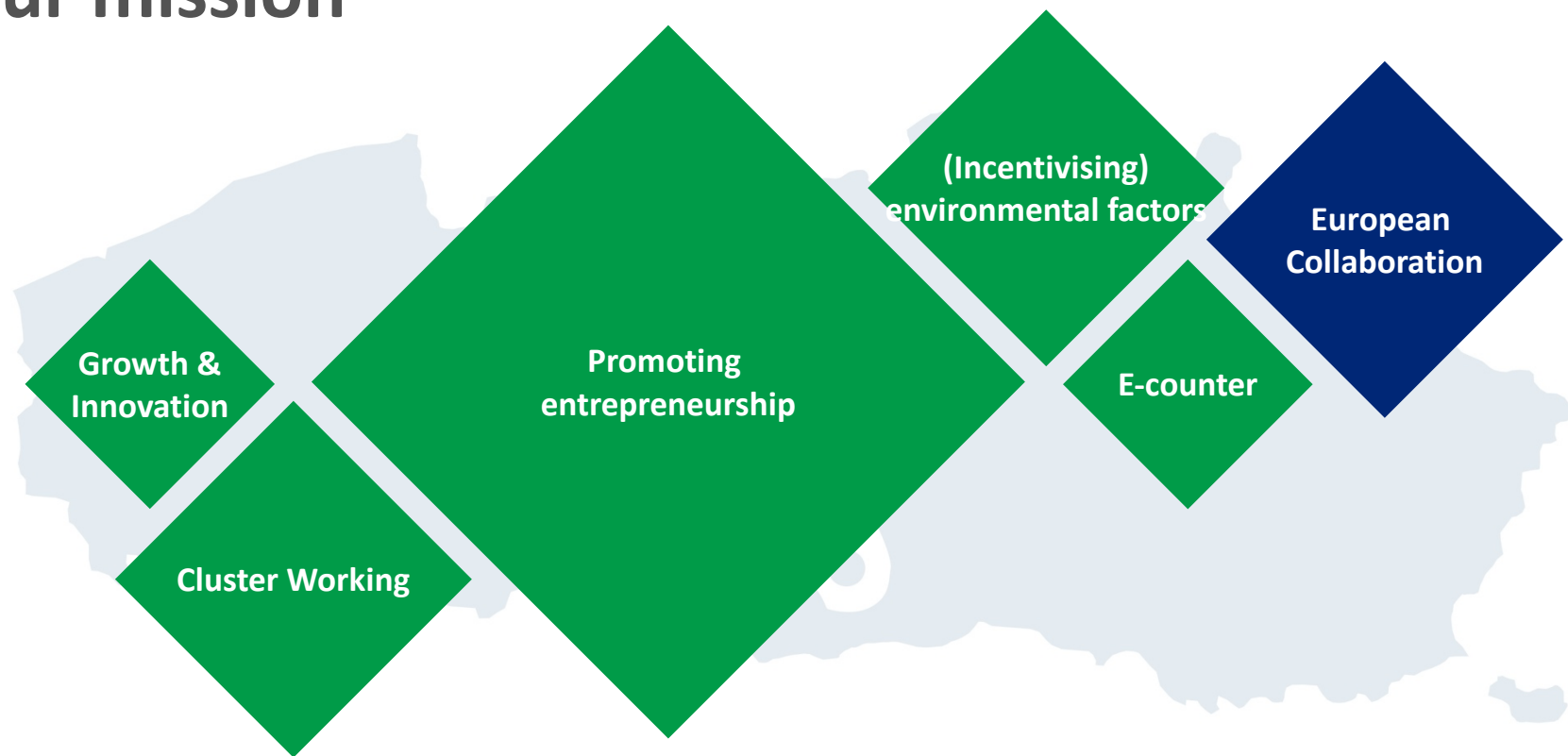


At a glance

2018



Our mission



European collaboration

- MA ERDF Flanders
- National authority Interreg programmes:
 - **Cross-border cooperation:**
 - Belgium-France (France-Wallonie-Vlaanderen)
 - Belgium-Germany-The Netherlands (Euregio Maas-Rijn)
 - Belgium-The Netherlands
 - France-Belgium-The Netherlands-United Kingdom (Two seas)
 - **Transnational cooperation:**
 - North Sea
 - North West Europe
 - **Interregional cooperation**
 - URBACT
 - Interract

ERDF Flanders

- Small budget
- 4 IP's
 1. Innovation (50% of the budget)
 2. Entrepreneurship
 3. Low carbon Economy
 4. sustainable urban development

Energy policy and grants in Flanders

- Many things already exists:
 - Call green energy, biomethane, heat grids
 - (strategic) Ecology support
 - Building subsidies social housing
 - Investment support business areas
 - ..

ERDF Flanders - Low carbon economy

- Small budget, niche player but
- Same rules apply
- Make the project calls easy – but: Are there any easy projects?

→ ERDF plays a role as a niche player, often ERDF as part of a bigger project

ERDF Flanders - Low carbon economy

Project example

- Janssen Pharma - Beerse



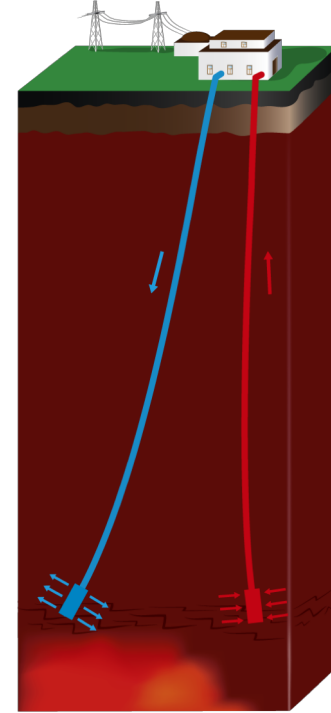
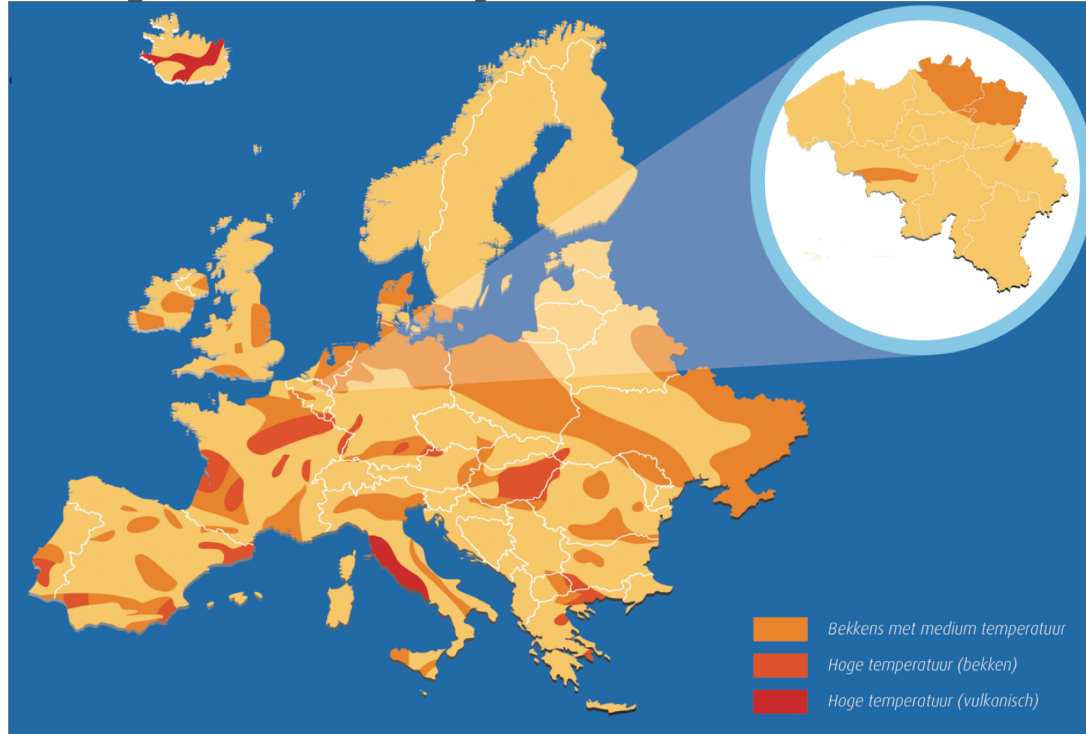
2 pharmaceutical factories, Research center, Support services,
+ 4.000 employees

Goals:

- 30% renewable energy
- Decrease of CO₂ emissions by 12.100 ton per year (ca. 2.500 households)
- Decrease of NO_x emissions by 5.000kg per year
- Production of 0,28 PJ green heating

ERDF Flanders - Low carbon economy

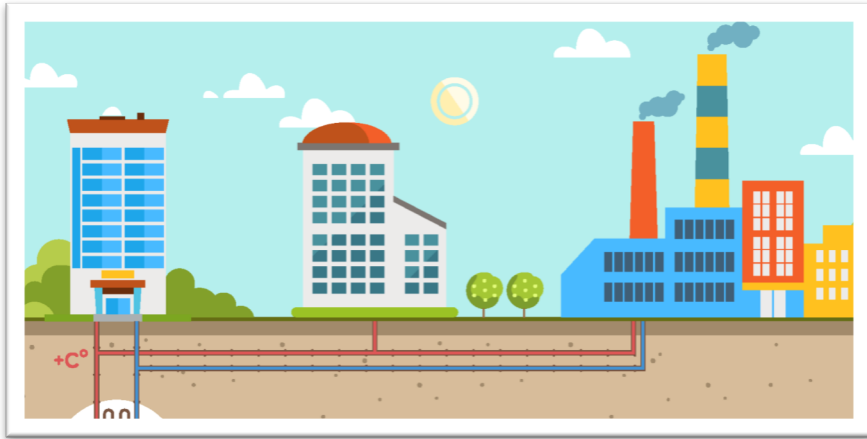
Project example



ERDF Flanders - Low carbon economy

Project example

- Janssen Pharma - Beerse



- Geothermal heat 2,4 kilometer depth
- Geothermal doublet
- Water of 90°
- First geothermal project in Flanders
- Total budget 43 million EURO
- 3 different types of grants
- ERDF:
 - Second drilling
 - Testing
 - Total budget of 10 million euro
 - ERDF support of 1,5 million euro

GBER art. 41 & 46

Road map – how did we get started?

1. What is your project? & What is it not?
2. What are the eligible costs?
3. What is the ‘conventional’ investment?
4. What would the ‘conventional’ investment cost you?
5. How do you make sure this price is reasonable? Audit trail!
6. Do you have to deduct revenues? How do you calculate them?

Road map – example content

1. What is your project? & What is it not?

- ERDF:

- Testing
- Second drilling

- NOT:

- District heating: Call green energy, biomethane, heat grids
- First drilling: (strategic) Ecology support

Road map – example content

2. What are the eligible costs?

- Only investments & external expertise!
- Staff costs, publicity can not be taken into account.

Road map – example

3. What is the 'conventional' investment? & What would it cost you?

High-efficiency gas boiler

4. What would the 'conventional' investment cost you?

795.000€

Road map – example

5. How do you make sure this price is reasonable? Audit trail!

Cost has been certified by VITO - Femisch independent research organisation in clean Tech en sustainable development.

Road map – example

6. Do you have to deduct revenues? How do you calculate them?

Art. 41 ‘Investment aid for the promotion of energy from renewable sources’:

No reference of revenues

Art. 46: ‘Investment aid for energy efficient district heating and cooling’

Funding gap method.

‘The aid amount for the distribution network shall not exceed the difference between the eligible costs and the operating profit. The operating profit shall be deducted from the eligible costs ex ante or through a claw-back mechanism.’

Road map – example

6. Do you have to deduct revenues? How do you calculate them

- ERDF project makes use of art. 41, not 46
- CPR art. 61 'Operations generating net revenue after completion':

In addition, paragraphs 1 to 6 shall not apply to operations for which support under the programme constitutes:

(c) compatible State aid, where an individual verification of financing needs in accordance with the applicable State aid rules has been carried out.

Road map – example

6. Do you have to deduct revenues? How do you calculate them

- How to interpretate 'c'?
- + Guide to Cost-Benefit Analysis of Investment Projects Economic appraisal tool for Cohesion Policy 2014-2020: consolidate project in terms of operator & owner

Also applicable when ERDF is only a part of a bigger project? – Avoid subsidizing projectparts that do not make profit?

- Change CPR: 'paragraph 8 is replaced by the following: '8. *In addition, paragraphs 1 to 6 shall not apply to operations for which support under the programme constitutes State aid.*'

Road map – example ‘the numbers’

6. Do you have to deduct revenues? How do you calculate them?

- Generating net revenues: this could start after the programming period!
- Funding gap method
- Template developed according to the Guide to Cost-Benefit Analysis of Investment Projects
Economic appraisal tool for Cohesion Policy 2014-2020
- Energy market: fluctuating prices
- What is your time horizon? What is the residential value of a heating network?
- Certified by acknowledged external auditor

Road map – ‘the numbers’

Project example

total project: global investment 43 million

ERDF: second drilling + testing:

11 million

- x K€ (staff costs & publicity)

- 795.000 (‘conventional’ investment)

* 68,53% (funding gap ratio)

= 6,8 million euro remains.

Funding rate ERDF Flanders: 40%

Road map – ‘Questions’

Project example

- What if the beneficiary was an public authority? Own contribution state aid?
- Arms’s length principe: loan with another company (partly) owned by this public authority.
- How to cope with e.g. publicity requirements? (de-minimis?)

ERDF Flanders - Low carbon economy

Conclusions

- Very interesting projects – lots of publicity value
- Same rules, small budget
- Creating knowledge to handle these issues
- Regions as Flanders a lot of grants and policy already exists, and evolves during a programming period.
- Matchmaking with ERDF: what are we going to do with the money?