

## Norwegian Financial Mechanism 2014-2021

# Energy Programme in Romania Call for Proposals – Small Grants Scheme 2 (SGS-2)

## Energy Audits

**The Energy Programme in Romania** (hereafter referred to as “the Programme”) is financed by the EEA and Norwegian Financial Mechanisms 2014-2021. The Programme shall contribute to the general objectives of EEA and Norway Grants 2014-2021, respectively to the reduction of economic and social disparities in the European Economic Area (EEA) and to strengthening bilateral relations between EEA States and EEA and Norway Grants Beneficiary States. The Programme objective is “*Less carbon intensive energy and increased security of supply*”. The Programme seeks to stimulate and develop long-term cooperation between Iceland, Liechtenstein, Norway (hereafter referred to as “the Donor States”) and Romania and is encouraging bilateral project partnerships. For general information about the EEA and Norwegian Financial Mechanisms, please visit <https://eeagrants.org/>

The Memorandum of Understanding between the Kingdom of Norway and the Government of Romania designates the Financial Mechanisms Office (FMO) as Programme Operator and Innovation Norway as Fund Operator for the Programme. All communication regarding the Programme shall be address to the Fund Operator. Information about the Programme can be found at [www.innovationnorway.no/roenergy](http://www.innovationnorway.no/roenergy)

### Available amount for financing in this Call – this Small Grants Scheme (SGS 2)

The total amount available for financing in this Call is **Euro 300,000**.

**A special condition, connected with this Call**, is related with article 49 from European Commission Regulation no.651/2014 declaring that Aid shall not be granted to large undertakings for Energy Audits carried out under Article 8(4) of the Directive 2012/27/EU, unless the Energy Audit is carried out in addition to the mandatory Energy Audit under that Directive to large companies. Further, according to Romanian legislation, Law 121/2014 on Energy Efficiency, article 9, aid may not be granted to large or medium sized enterprises if the economic operator is consuming annually an amount of energy exceeding 1,000 tons of oil equivalent.

### Deadline for applications and language

To be eligible, applications shall be submitted to the Fund Operator through the electronical application portal, using the Application Form prepared for this Small Grants Scheme only, no later than **25 April 2019, 13:00 Romanian time**. **The application form and other relevant information relating to this Call is available at the following link:** <https://www.innovasjonorge.no/EnergyAudits>

The Programme language is English, i.e. applications and supporting documents, shall be submitted to the Fund Operator in English. For the list of mandatory attachments, see **Annex I**.

## 1. Projects and project funding

The Energy Programme in Romania has five focus areas:

1. Renewable Energy,
2. Energy Efficiency,
3. Research and Development,
4. Training and Awareness,
5. Electrification.

This present SGS-2 Call is one of the calls for proposals under focus area “Energy Efficiency” and the key outcome for this focus area is “*Reduced CO<sub>2</sub> emissions in all sectors of society*”. All projects financed under this focus area are required to contribute to CO<sub>2</sub> reductions. The Energy Audits supported under this SGS-2 Call will not be directly measured on this indicator, however, they are expected to contribute to CO<sub>2</sub> reductions in the longer term. **Note** also that an Energy Audit or Energy Balance will be required in order to be eligible for further calls planned under the focus area “Energy Efficiency” of the “Energy Programme in Romania”. These future calls will support implementation of energy efficiency measures and are expected to be launched in mid-2019. (Possible actions in these future calls could be a.o. energy efficiency in buildings, modern technologies and ICT, improved energy and resource efficiency of products, public transport, industrial transport related to goods,waste etc.)

### 1.1 Eligible Applicants and Partners for this Small Grants Scheme

#### 1.1.1 Eligible Applicants

Eligible applicants are any entity, private or public, commercial or non-commercial and non-governmental organisations, established as a legal person in Romania. This Call is particularly targeted towards Small and Medium-sized Enterprises (SMEs) and NGOs incl. social enterprises with economic activities. SMEs shall be understood as defined in the EC Recommendation (2003/361/EC). The Applicant must have been established for at least 3 years at the date of the deadline of this present Call.

Additional criteria are:

- 1) The legislative framework active in Romania applicable for the energy market and this Call is set by:

- a) Law 372/2005 that sets the energy performance of buildings with modifications and completions;
- b) Law 121/2014 on energy efficiency;
- c) Law 160/2016 which completes and modifies the law 121/2014.

2) The legal entity (the Applicant) and the Applicant's legal representative signing the application have clean criminal and tax records;

3) Applicants are not eligible for funding if:

- a) They are undertakings in difficulty (the definition of "undertaking in difficulty" is included in Article 2, paragraph 18 of Commission Regulation (EU) No.651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty);
- b) They are bankrupt, are entered in judicial administration or are under liquidation, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation;
- c) They have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to financial interests, without evidence of substantial correction measures taken in the past years.

### 1.1.2 Eligible partners

Eligible partners are: Any entity, private or public, commercial or non-commercial and non-governmental organisations, established as a legal person in Norway or in Romania. The Partner(s) must have been established for at least 1 year at the date of the deadline of this present Call.

## 1.2 Areas of support and eligible activities

**1.2.1** This call will provide financial support for projects where the only activity is performing an Energy Audit. Conducting an Energy Audit is one of the first steps that must be done to identify the possible energy efficiency improvements. Through the initial Energy Audit, financed under this present Call, it is expected that the Energy Auditor will determine the current situation of the Applicant through analysis of energy flows and recommend energy efficiency measures that should be taken by the Applicant. An Energy Audit will be required when applying for funds for energy efficiency measures made available under future call(s) under the Programme.

**The object** of the Energy Audit shall be directly related to the production facilities and/or production equipment (i.e. installations, boilers, machines, production facilities etc.). **The object** shall be owned by the Applicant. In case the Energy Audit applies to buildings/production facilities, the building should be owned by the Applicant.

## 1.3 Minimum and maximum grant for each project

The minimum amount of grant assistance applied for shall be Euro 5,000.

The maximum amount of grant assistance applied for shall be Euro 10,000.

## 1.4 Grant rates and co-financing

The financial contribution from the "Energy Programme in Romania", in this Call, shall be determined on a case-by-case basis, taking all relevant factors into account. The applicable rules on public procurement and on state aid, procedural and substantive, shall be complied with.

The reimbursement principle will be applied. The Applicant (referred to as the Project Promoter from the signature of the Project Contract) shall secure the full financing of the project. The Applicant/Project Promoter shall provide or obtain the remaining co-financing in the form of cash.

**For entities engaged in economic activities**, the grant rate will be determined based on the applicable provisions of Commission Regulation 651/2014 (General Block Exemption Regulation - GBER) declaring certain categories of aid as compatible with the Internal market in application of Articles 107 and 108 of the Treaty, as amended by Commission Regulation 2017/1084. **For this Call the following aid categories will apply:**

- GBER, Section 7, Aid for environmental protection, **Article 49, Aid for environmental studies:**
  1. Aid for studies, including energy audits, directly linked to investments referred to in this Section 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.
  2. The eligible costs shall be the costs of the studies referred to in paragraph 1.
  3. The aid intensity shall not exceed 50 % of the eligible costs.
  4. The aid intensity may be increased by 20 percentage points for studies undertaken on behalf of small enterprises and by 10 percentage points for studies undertaken on behalf of medium size enterprises.
  5. Aid shall not be granted to large undertakings for energy audits carried out under Article 8(4) of the Directive 2012/27/EU, unless the energy audit is carried out in addition to the mandatory energy audit under that Directive.

**For Non-Governmental Organization (NGOs), not engaged in economic activities**, registered as legal persons in Romania and functioning in accordance to enforced Romanian legislation on NGOs, respectively: Governmental Ordinance 26/2000 or Law 21/1924 regarding associations and foundations, with subsequent modifications and completions the aid intensity shall not exceed 90 % of the eligible costs.

**For Public Sector, entities not engaged in economic activities**, registered as any department, agency, special purpose district, or other instrumentality of the Romanian State or local Romanian government the aid intensity shall not exceed 85% of the eligible costs.

Exceptionally, financial support will be awarded as *de minimis* support in line with the Commission Regulation (EC) No. 1407/2013 (max. Euro 200,000 over three fiscal years).

## 1.5 Eligible expenditures

### 1.5.1 First and final dates for eligibility of expenditure

Costs within projects may be eligible from the date on which the grant is awarded or at a later date set in the Project Contract. The Project Contract shall set the final

date of eligibility of costs, which shall be no later than **30 September 2019**. Costs incurred after that final date are not eligible.

### 1.5.2 General principles of eligibility

Eligible expenditures of projects are those actually incurred by the Project Promoter, which meet the following criteria:

- a. they are incurred between the first and final dates of eligibility of a project as specified in the Project Contract;
- b. they are connected with the subject of the Project Contract and they are indicated in the detailed budget of the project;
- c. they are proportionate and necessary for the implementation of the project;
- d. they are used for the sole purpose of achieving the objective of the project and in a manner consistent with the principles of economy, efficiency and effectiveness;
- e. they are identifiable and verifiable, in particular through being recorded in the accounting records of the Project Promoter and determined according to the applicable accounting standards and generally accepted accounting principles; and
- f. they comply with the requirements of applicable tax and social legislation.

Expenditures are considered to have been incurred when the cost has been invoiced, paid and the subject matter, the service in this case, has been performed. Exceptionally, costs in respect of which an invoice has been issued in the final three months of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date of eligibility.

The Project Promoter's internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenue declared in respect of the project with the corresponding accounting statements and supporting documents.

### 1.5.3 Detailed eligibility provisions

#### 1.5.3.1 - Eligible direct expenditures

The following direct expenditures are eligible provided that they satisfy the criteria set out in Article 1.5.2.

- External cost of an Energy Audit performed by an authorised Energy Auditor. The said Energy Auditor shall be registered with a valid and active authorisation within:
  - i) *Ministry of Regional Development and Public Administration* - certifies auditors based on order 996 from 2016 that modifies and completes the technical regulations of "Energy Building Auditing Certification Regulation" approved through Order of the Minister of Regional Development and Tourism number 2237/2010. Official Gazette No.542/19.07.2016 or
  - ii) *Romanian Energy Regulatory Agency (ANRE)* - Decision No 1111/2017 of the Energy Efficiency Department amending and supplementing Decision No 2794/2014 of the Director of the Energy Efficiency Department approving the Regulation on the certification of energy managers and of companies providing energy services, and the Regulation authorising energy auditors in the relevant industry. Date: 26.7.2017. Official Gazette No 655/09.8.2017.

#### 1.5.3.2. Indirect costs in projects (overheads)

Indirect costs: eligible costs that cannot be identified by the project promoter and/or the project partner as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible direct costs. Indirect costs of the project shall represent a fair apportionment of the overall overheads of the project promoter or the project partner.

The Applicant and possible Project Partner shall use a flat rate of up to 15% of direct eligible staff costs.

#### 1.5.3.2 - Excluded costs

The following costs shall not be considered eligible:

- a) interest on debt, debt service charges and late payment charges;
- b) charges for financial transactions and other purely financial costs, except costs related to accounts and financial services imposed by the project contract;
- c) provisions for losses or potential future liabilities;
- d) recoverable VAT;
- e) costs that are covered by other sources;
- f) fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project; and
- g) excessive or reckless expenditure.

## 2. Assessment of projects and selection procedure

The Fund Operator will check the fulfilment of administrative and eligibility criteria contained in this Call for Proposals. In the case of applications not complying with the administrative and eligibility criteria, the Fund Operator will contact the Applicant to clarify the information provided or request the provision of additional information.

Applicants will be given 10 working days to submit the information requested. Applications submitted in a language other than English will be automatically rejected. Following the conclusion of the administrative and eligibility check, all Applicants will be informed in writing about the status of their project.

All applications which fulfil administrative and eligibility criteria will be further assessed by experts from the Fund Operator. The experts shall evaluate the projects against the selection criteria contained in this Call for Proposals. If necessary, the Fund Operator may use external expertise on a case by case basis.

The result of the experts' assessment shall be a ranked list that forms the basis for the decision of the Fund Operator. After the selection procedure is complete, information of the results and the decision on the award of grants will be communicated to the Applicants and positive decisions published online.

### 2.1 Selection criteria / Assessment criteria

Project applications will be assessed based on a set of selection criteria. The said criteria are based on the objectives and the outcome that the Programme seeks to

achieve. The objectives and principles of good governance and good business practice, sustainable development and gender equality, are cross-cutting issues that shall be considered as part of the assessment process.

The applicable selection criteria for this Call are divided into the following sections:

### **1. Formal/administrative criteria**

- a) The application has been filled in according to the instructions given in this Call text, in the Electronic Application Form, in the Application Form Guidance, and mandatory documentation is attached to the application;
- b) The application and requested supporting documents are submitted and presented in English; certificates and certified annual accounts issued in Romanian language can be submitted and presented in Romanian. For the rest of the documents, non-certified translations in English are required;
- c) The Electronic Application Form specifically prepared for this Call has been used.

### **2. Eligibility criteria for Applicants (and possible Partners) and projects**

a) Applicant:

- The Applicant is established as a legal person in Romania and eligible according to the criteria set out in this Call;
- The Partner(s) is established as legal entity in Romania or in the Donor State Norway;
- The Partner(s) main activity is closely related to the activity in which its contribution is proposed;
- The Partner(s) and the legal representative signing the Partnership Agreement have clean criminal and tax record.
- The Applicant has been in operation for at least 3 years; and possible partners for at least 1 year;
- The Applicant and the legal representative signing the application have clean criminal and tax record;
- The Partner(s) and the legal representative(s) signing the application have clean criminal and tax records;
- The Applicant is not an undertaking in difficulty.

b) Project:

- The proposed project is relevant and within the eligible activities defined in this Call;
- An outline of a possible future investment project on "Energy Efficiency and its potential for energy and cost efficiency" is described;
- Grant maximum and minimum amounts and co-financing rates are complied with;
- The project implementation period is no longer than the deadline for cost eligibility mentioned in this Call text;
- No overlapping/double funding arises from the applications for a similar project from EU/EEA/ International Financial Institution/ Bilateral or other sources;
- The project is in compliance with both EU and national legislation of Romania (in particular state aid, public procurement and environment requirements);
- Incentive effect – work on the project did not start before the submission of the current application for grant;
- The appropriate Energy Auditor is identified for the appropriate type of audit. The said Energy Auditor shall be registered with a valid and active authorisation within the Ministry of Regional Development & Public Administration and/or the Romanian Energy Regulatory Agency (ANRE).

### **3. Technical and financial selection criteria**

- Current level of CO2 emissions of the object(s) subject to energy efficiency measure(s);
- Planned annual energy consumption (MWh) reduction compared to current annual energy consumption (MWh) of the object(s) subject to energy efficiency measure(s) - Min. requirement is 5% per measure;
- Planned annual energy cost reduction (Euro) compared to current annual energy costs (Euro) for the object(s) subject to energy efficiency measure(s) - Min. requirement is 5% per measure.

## **2.2 Selection and award**

The selection criteria above will be scored in a rating from zero to six points (0 lowest, 6 highest). The scoring will constitute a basis for an assessment profile. Each of the selection criteria may be a critical success factor, since low score on certain critical factors can jeopardize the whole project. The scoring profile will be the basis for the prioritizing for the project proposals.

After the assessment of the project applications has been performed, the Fund Operator will make the grant decision. Applicants shall be notified of the decision of the Fund Operator to support or reject their application. The Fund Operator will send a Project Contract or a Reasoned Refusal to the Project Promoter/Applicant.

## **2.3 The Project Contract**

In the case of a positive decision, a Project Contract shall be concluded between the Fund Operator and the Project Promoter.

The Project Contract shall as a minimum contain provisions on the following:

- a. reporting obligations upon project completion (copy of Energy Audit report prepared by the Energy Auditor, together with a supporting letter from the Project Promoter);
- b. the maximum amount of the project grant in Euro and the maximum project grant rate;
- c. the eligibility of expenditures (copy of specified invoice from the external Energy Auditor together with a confirmation from the Project Promoter's accountant confirming that the invoice has been paid and booked into the Project Promoter's accounting system);
- d. the first and final dates of eligibility of expenditures;
- e. ensure that the access requested in relation to monitoring, audits and evaluations is provided without delay.

The grant will be subject to the acceptance of the Standard Terms and Conditions on EEA/Norway Grants Programmes operated by Innovation Norway and possible

Special Conditions in the Project Contract.

### 3. Implementation of projects

All provisions and requirements related to the implementation of projects are set out in the Standard Terms and Conditions, published together with this Call.

### 4. Payment flows

Grant assistance shall be given as reimbursements of already incurred documented costs. One payment, for an eligible performed Energy Audit, shall be made at the end of project implementation. Commitments and payments will be carried out in Euro (€).

### 5. Procedure for submission of application

Only electronic applications, submitted via the Fund Operator's Application Portal, in English, will be accepted. The Application Form must be accompanied by the mandatory attachments which are listed in Annex I of this Call for Proposals.

The electronic application form and templates for the mandatory attachments are available on the Fund Operator's Programme website <https://www.innovasjon Norge.no/EnergyAudits>

The **Conversion Table for non renewable energy sources** to be used for this Call, is available on the said Programme website – under Essential Reading for Project Applicants.

The Application Form Guidelines is also available on the said Programme's website.

### 6. Queries

Questions or further need for clarifications shall be sent in writing - in English - to the Programme's e-mail address [RO.Energy@innovationnorge.no](mailto:RO.Energy@innovationnorge.no) Queries will normally be replied to within 3-5 working days.

#### ANNEX I – List of mandatory documents (to be attached to the application form)

1. Letter of Commitment (template)
2. Self-declaration re. undertaking in difficulty (template);
3. Self-declaration regarding clean tax and criminal record of the Applicant and of the legal representative(s);
4. Relevant Registration Certificates and statutory documents;
  - a) Applicants - enterprises: the entire version of the good standing certificate ('certificat constatator') issued by the Romanian Trade Register Office (which should include extensive information about enterprise's up to date status);
  - b) Applicants – NGOs: the law court decision for the establishment of the NGO and the latest approved statute of law court decision regarding the latest version of the statute (if the case);
  - c) Applicants – public entities: relevant statutory document showing that the Applicant is a legal entity registered in Romania (e.g. law court decision for mayor's validation/validation decision of the Local/County Council).
5. Certified annual accounts of the Applicant for 2017 and 2016, and the balance sheet/profit & loss statement as per 30 June 2018 (Romanian) as well as the latest approved and registered at the national financial authority's trial balance sheet for 2018.
6. Project Document describing possible future investment project on "Energy Efficiency and its potential for energy and cost efficiency" (template).

#### ANNEX II – Essential readings

Please find below the list of documents which are relevant for this present Call and the documents are available on the Fund Operator's Programme web-page <https://www.innovasjon Norge.no/en/start-page/eea-norwaygrants/funding-options/>

Standard Terms and Conditions for EEA/Norway Grants programmes operated by the Fund Operator Innovation Norway;

1. Project Assessment Criteria and Methodology for Small Grants Scheme 2 (SGS-2);
2. Guidelines on Cross-Cutting Issues and Good Business Practice;
3. Application Form Guidelines;
4. Conversion Guidelines for non-renewable energy sources for this Small Grants Scheme 2 (SGS-2).