

Interreg Baltic Sea Region environmental aid scheme 2014-2020

Scheme reference number: SA.44537

1. Legal basis

The Interreg Baltic Sea Region environmental aid scheme 2014-2020 (the ‘scheme’) operates under Commission Regulation (EU) 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Article 107 and 108 of the Treaty¹ (‘GBER 2014-20’).

The legal basis for the scheme is the European Territorial Cooperation programme “Interreg Baltic Sea Region” (CCI 2014TC16M5TN001), (‘the Programme’).

2. Objectives

The objective of the scheme is to support environmental protection in the context of Interreg Baltic Sea Region.

3. Definitions

The definitions set out in Article 2 of GBER 2014-20 shall apply to this scheme.

4. Exclusions

This scheme shall not apply to activities excluded from eligibility under Article 1 of GBER 2014-20. In particular:

Export aid

The scheme is not available to

- Export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity
- Aid contingent on the use of domestic over imported goods

¹ OJEU L187/1 of 26 June 2014.

Sectoral coverage

This scheme is not available to:

- The fishery and aquaculture sector as covered by Regulation (EU) 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000².
- The processing and marketing of agricultural products in the following cases:
 - Where the amount of aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned
 - Where the aid is conditional on being partly or entirely passed on to primary producers
- Facilitate the closure of uncompetitive coalmines, as covered by Council Decision No 2010/787.³

Firms subject to recovery orders or in difficulty

This scheme explicitly excludes the payment of aid in favour of an undertaking which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible with the internal market.⁴

This scheme is not available to firms in difficulty (as defined in Article 2(18) of GBER 2014-20).

5. Eligibility criteria

There is no automatic entitlement to support under this scheme.

This scheme is available in the EU Member States and European Free Trade Association States participating in Interreg Baltic Sea Region, i.e. Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland and Sweden.

Specific eligibility requirements are associated with different categories of aid. These are detailed below.

² OJEU L354/1 of 28 December 2013.

³ OJEU L336/24 of 21 December 2010.

⁴ The firms affected are listed here: http://ec.europa.eu/competition/state_aid/studies_reports/recovery_statistics.xlsx

6. Type of aid

This scheme shall offer only forms of aid that are considered transparent. Aid is considered transparent if it is possible to calculate precisely the gross grant equivalent of the aid ex ante without any need to undertake a risk assessment. This includes aid comprised in grant and interest rate subsidies and aid comprised in loans where the gross grant equivalent has been calculated on the basis of the reference rate prevailing at the time.⁵

7. Incentive effect

This scheme is only available to projects where it will have an incentive effect. An incentive effective will be considered present if the beneficiary has submitted a written application before work on the project or any activity starts.

8. Cumulation

Aid under this scheme may be cumulated with other forms of aid exempted under GBER 2014-20 provided that either: those measures concern different identifiable eligible costs; or, where there is partial or total overlap in eligible costs with other aid exempted under GBER 2014-20 or awarded under the *de minimis* Regulation, that the highest aid intensity or aid amount applicable under GBER 2014-20 is not exceeded.

9. Categories of aid

The categories of aid set below reflect the eligibility criteria set out in GBER 2014-20. The aid amounts are the maximum levels of support that may be offered. In practice, lower levels may be applied. Moreover, the type of project supported and the scope of eligible expenditure must also meet the requirements of Interreg Baltic Sea Region.

10. Investment aid enabling undertakings to go beyond Union standards for environmental protection or to increase the level of environmental protection in the absence of Union standards

Investment aid enabling undertakings to go beyond Union standards for environmental protection or to increase the level of environmental protection in the absence of Union standards under this scheme, shall comply with GBER 2014-20, Article 36.

The investment shall fulfil one of the following **conditions**:

- it shall enable the beneficiary to increase the level of environmental protection resulting

⁵ Interreg Baltic Sea Region offers aid in the form of grants only.

from its activities by going beyond the applicable Union standards, irrespective of the presence of mandatory national standards that are more stringent than the Union standards;

- it shall enable the beneficiary to increase the level of environmental protection resulting from its activities in the absence of Union standards.

Aid shall not be granted where investments are undertaken to ensure that undertakings comply with Union standards already adopted and not yet in force. However, aid may be granted for:

- the acquisition of new transport vehicles for road, railway, inland waterway and maritime transport complying with adopted Union standards, provided that the acquisition occurs before those standards enter into force and that, once mandatory, they do not apply to vehicles already purchased before that date.
- retrofitting of existing transport vehicles for road, railway, inland waterway and maritime transport, provided that the Union standards were not yet in force at the date of entry into operation of those vehicles and that, once mandatory, they do not apply retroactively to those vehicles.

The **eligible costs** shall be the extra investment costs necessary to go beyond the applicable Union standards or to increase the level of environmental protection in the absence of Union standards. They shall be determined as follows:

- a) where the costs of investing in environmental protection can be identified in the total investment cost as a separate investment, this environmental protection-related cost shall constitute the eligible costs;
- b) in all other cases, the costs of investing in environmental protection are identified by reference to a similar, less environmentally friendly investment that would have been credibly carried out without the aid. The difference between the costs of both investments identifies the environmental protection-related cost and constitutes the eligible costs.

The costs not directly linked to the achievement of a higher level of environmental protection shall not be eligible.

The **maximum aid amount** granted under this category of aid is EUR 15 million per undertaking per investment project.

The **aid intensity** shall not exceed 40 % of the eligible costs.

The aid intensity may be increased by 10 percentage points for aid granted to medium sized undertakings and by 20 percentage points for aid granted to small undertakings.

The aid intensity may be increased by 15 percentage points for investments located in assisted

areas fulfilling the conditions of Article 107(3)(a) of the Treaty and by 5 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty.⁶

Summary of the aid intensities

	Large enterprise	Medium enterprise	Small enterprise
Non-assisted areas	40%	50%	60%
107(3)(c) areas	45%	55%	65%
107(3)(a) areas	55%	65%	75%

11. Investment aid for early adaptation to future Union standards

Under this scheme, aid encouraging undertakings to comply with new Union standards which increase the level of environmental protection and are not yet in force shall comply with GBER 2014-20, Article 37.

The Union standards shall have been adopted and the investment shall be implemented and finalised at least one year before the date of entry into force of the standard concerned.

The **eligible costs** shall be the extra investment costs necessary to go beyond the applicable Union standards. They shall be determined as follows:

- a) where the costs of investing in environmental protection can be identified in the total investment cost as a separate investment, this environmental protection-related cost shall constitute the eligible costs;
- b) in all other cases, the costs of investing in environmental protection are identified by reference to a similar, less environmentally friendly investment that would have been credibly carried out without the aid. The difference between the costs of both investments identifies the environmental protection-related cost and constitutes the eligible costs.

The costs not directly linked to the achievement of a higher level of environmental protection shall not be eligible.

The **maximum aid amount** granted under this category of aid is EUR 15 million per undertaking per investment project.

The **aid intensity** shall not exceed the following:

- i. 20 % of the eligible costs for small undertakings, 15 % of the eligible costs for medium-sized undertakings and 10 % of the eligible costs for large undertakings if the implementation and finalisation of the investment take place more than three years before the date of entry into force of the new Union standard;

⁶ A list of the assisted areas in the Programme area can be found in the State aid section on the Programme website.

- ii. 15 % of the eligible costs for small undertakings, 10 % of the eligible costs for medium-sized undertakings and 5 % of the eligible costs for large undertakings if the implementation and finalisation of the investment take place between one and three years before the date of entry into force of the new Union standard.

The aid intensity may be increased by 15 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty and by 5 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty.

Summary of the aid intensities

	Large enterprise	Medium enterprise	Small enterprise
Implementation and finalisation of the investment take place more than 3 years before date of entry into force of new Union standard:			
Non-assisted areas	10%	15%	20%
107(3)(c) areas	15%	20%	25%
107(3)(a) areas	25%	30%	35%
Implementation and finalisation of the investment take place between 1 and 3 years before date of entry into force of new Union standard:			
Non-assisted areas	5%	10%	15%
107(3)(c) areas	10%	15%	20%
107(3)(a) areas	20%	25%	30%

12. Investment aid for energy efficiency measures

Investment aid enabling undertakings to achieve energy efficiency under this scheme shall comply with GBER 2014-20, Article 38.

Aid shall not be granted under this category of aid where improvements are undertaken to ensure that undertakings comply with Union standards already adopted, even if they are not yet in force.

The **eligible costs** shall be the extra investment costs necessary to achieve the higher level of energy efficiency. They shall be determined as follows:

- where the costs of investing in energy efficiency can be identified in the total investment cost as a separate investment, this energy efficiency-related cost shall constitute the eligible costs;
- in all other cases, the costs of investing in energy efficiency are identified by reference to a similar, less energy efficient investment that would have been credibly carried out without the aid. The difference between the costs of both investments identifies the energy efficiency-related cost and constitutes the eligible costs.

The costs not directly linked to the achievement of a higher level of energy efficiency shall not be eligible.

The **maximum aid amount** granted under this category of aid is EUR 10 million per undertaking per investment project.

The **aid intensity** shall not exceed 30 % of the eligible costs.

The aid intensity may be increased by 20 percentage points for aid granted to small undertakings and by 10 percentage points for aid granted to medium-sized undertakings.

The aid intensity may be increased by 15 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty and by 5 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty.

Summary of the aid intensities

	Large enterprise	Medium enterprise	Small enterprise
Non-assisted areas	30%	40%	50%
107(3)(c) areas	35%	45%	55%
107(3)(a) areas	45%	55%	65%

13. Investment aid for high-efficiency cogeneration

Investment aid for high-efficiency cogeneration under this scheme shall comply with GBER 2014-20, Article 40.

The investment aid shall be granted in respect of newly installed or refurbished capacities only.

The new cogeneration unit shall provide overall primary energy savings compared to separate production of heat and electricity as provided for by Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (1). The improvement of an existing cogeneration unit or conversion of an existing power generation unit into a cogeneration unit shall result in primary energy savings compared to the original situation.

The **eligible costs** shall be the extra investment costs for the equipment needed for the installation to operate as a high-efficiency cogeneration installation, compared to conventional electricity or heating installations of the same capacity or the extra investment cost to upgrade to a higher efficiency when an existing installation already meets the highefficiency threshold.

The **maximum aid amount** granted under this category of aid is EUR 10 million per undertaking per investment project.

The **aid intensity** shall not exceed 45 % of the eligible costs. The aid intensity may be increased by 20 percentage points for aid granted to small undertakings and by 10 percentage points for aid granted to medium-sized undertakings.

The aid intensity may be increased by 15 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty and by 5 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty.

Summary of the aid intensities

	Large enterprise	Medium enterprise	Small enterprise
Non-assisted areas	45%	55%	65%
107(3)(c) areas	50%	60%	70%
107(3)(a) areas	60%	70%	80%

14. Investment aid for the promotion of energy from renewable sources

Investment aid for the promotion of energy from renewable energy sources under this scheme shall comply with GBER 2014-20, Article 41.

Investment aid for the production of biofuels shall be exempted from the notification requirement only to the extent that the aided investments are used for the production of sustainable biofuels other than food-based biofuels. However, investment aid to convert existing food-based biofuel plants into advanced biofuel plants shall be exempted under this category of aid, provided that the food-based production would be reduced commensurate to the new capacity.

Aid shall not be granted for biofuels which are subject to a supply or blending obligation.

Aid shall not be granted for hydropower installations that do not comply with Directive 2000/60/EC of the European Parliament.

The investment aid shall be granted to new installations only. No aid shall be granted or paid out after the installation started operations and aid shall be independent from the output.

The **eligible costs** shall be the extra investment costs necessary to promote the production of energy from renewable sources. They shall be determined as follows:

- a) where the costs of investing in the production of energy from renewable sources can be identified in the total investment cost as a separate investment, for instance as a readily identifiable add-on component to a pre-existing facility, this renewable energy-related cost shall constitute the eligible costs;
- b) where the costs of investing in the production of energy from renewable sources can be

- identified by reference to a similar, less environmentally friendly investment that would have been credibly carried out without the aid, this difference between the costs of both investments identifies the renewable energy-related cost and constitutes the eligible costs;
- c) for certain small installations where a less environmentally friendly investment cannot be established as plants of a limited size do not exist, the total investment costs to achieve a higher level of environmental protection shall constitute the eligible costs.

The costs not directly linked to the achievement of a higher level of environmental protection shall not be eligible.

The **maximum aid amount** granted under this category of aid is EUR 15 million per undertaking per investment project.

The **aid intensity** shall not exceed:

- i. 45 % of the eligible costs if the eligible costs are calculated on the basis of points (a) or (b) above;
- ii. 30 % of the eligible cost if the eligible costs are calculated on the basis of point (c) above.

The aid intensity may be increased by 20 percentage points for aid granted to small undertakings and by 10 percentage points for aid granted to medium-sized undertakings.

The aid intensity may be increased by 15 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty and by 5 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty.

Summary of the aid intensities

	Large enterprise	Medium enterprise	Small enterprise
Eligible costs calculated according to a) or b) above:			
Non-assisted areas	45%	55%	65%
107(3)(c) areas	50%	60%	70%
107(3)(a) areas	60%	70%	80%
Eligible costs calculated according to c) above:			
Non-assisted areas	30%	40%	50%
107(3)(c) areas	35%	45%	55%
107(3)(a) areas	45%	55%	65%

15. Investment aid for remediation of contaminated sites

Investment aid to undertakings repairing environmental damage by remediating contaminated sites under this scheme shall comply with GBER 2014-20, Article 45.

The investment shall lead to the repair of the environmental damage, including damage to the quality of the soil or of surface water or groundwater.

Where the legal or physical person liable for the environmental damage under the law applicable in each Member State without prejudice to the Union rules in this matter — in particular Directive 2004/35/EC of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage (2) as amended by Directive 2006/21/EC of the European Parliament and of the Council of 15 March 2006 on the management of waste from extractive industries (3), Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (4) and Directive 2013/30/EU of the European Parliament and of the Council of 12 June 2013 on safety of offshore oil and gas operations and amending Directive 2004/35/EC (5) — is identified, that person must finance the remediation in accordance with the ‘polluter pays’ principle, and no State aid shall be granted. Where the person liable under the applicable law is not identified or cannot be made to bear the costs, the person responsible for the remediation or decontamination work may receive State aid.

The **eligible costs** shall be the costs incurred for the remediation work, less the increase in the value of the land.

All expenditure incurred by an undertaking in remediating its site, whether or not such expenditure can be shown as a fixed asset on its balance sheet, may be considered as eligible investment in the case of the remediation of contaminated sites.

Evaluations of the increase in value of the land resulting from remediation shall be carried out by an independent expert.

The **maximum aid amount** granted under this category of aid is EUR 20 million per undertaking per investment project.

The **aid intensity** shall not exceed 85% of the eligible costs.

16. Investment aid for energy efficient district heating and cooling

Investment aid for the installation of energy efficient district heating and cooling system under this scheme shall comply with GBER 2014-20, Article 46.

The **eligible costs**:

- a) *for the production plant* shall be the extra costs needed for the construction, expansion and refurbishment of one or more generation units to operate as an energy efficient

district heating and cooling system compared to a conventional production plant. The investment shall be an integral part of the energy efficient district heating and cooling system.

b) *for the distribution network* shall be the investment costs

The **maximum aid amount** granted under this category of aid is EUR 20 million per undertaking per investment project.

The **aid intensity for the production plant** shall not exceed 45 % of the eligible costs. The aid intensity may be increased by 20 percentage points for aid granted to small undertakings and by 10 percentage points for aid granted to medium-sized undertakings.

The aid intensity for the production plant may be increased by 15 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty and by 5 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty.

Summary of the aid intensities for the production plant

	Large enterprise	Medium enterprise	Small enterprise
Non-assisted areas	45%	55%	65%
107(3)(c) areas	50%	60%	70%
107(3)(a) areas	60%	70%	80%

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.

17. Investment aid for waste recycling and re-utilisation

Investment aid for waste recycling and re-utilisation under this scheme shall comply with GBER 2014-20, Article 47.

The investment aid shall be granted for the recycling and re-utilisation of waste generated by other undertakings.

The recycled or re-used materials treated would otherwise be disposed of, or be treated in a less environmentally friendly manner. Aid to waste recovery operations other than recycling shall not be eligible to receive support under this scheme.

The aid shall not indirectly relieve the polluters from a burden that should be borne by them under Union law, or from a burden that should be considered a normal company cost.

The investment shall not merely increase demand for the materials to be recycled without

increasing collection of those materials.

The investment shall go beyond the state of the art.

Aid for investments relating to the recycling and re-utilisation of the beneficiary's own waste shall not be eligible to receive support under this scheme.

The **eligible costs** shall be the extra investment costs necessary to realise an investment leading to better or more efficient recycling or re-use activities compared to a conventional process of re-use and recycling activities with the same capacity that would be constructed in the absence the aid.

The **maximum aid amount** granted under this category of aid is EUR 15 million per undertaking per investment project.

The **aid intensity** shall not exceed 35 % of the eligible costs.

The aid intensity may be increased by 20 percentage points for aid granted to small undertakings and by 10 percentage points for aid granted to medium-sized undertakings.

The aid intensity may be increased by 15 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty and by 5 percentage points for investments located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty.

Summary of the aid intensities

	Large enterprise	Medium enterprise	Small enterprise
Non-assisted areas	35%	45%	55%
107(3)(c) areas	40%	50%	60%
107(3)(a) areas	50%	60%	70%

18. Investment aid for energy infrastructure

Investment aid for the construction or upgrade of energy infrastructure under this scheme shall comply with GBER 2014-20, Article 48.

Aid shall be granted for energy infrastructure located in assisted areas only.

The energy infrastructure shall be subject to full tariff and access regulation according to internal energy market legislation.

Aid for investments in electricity and gas storage projects and oil infrastructure shall not be eligible to receive support under this scheme.

The **eligible costs** shall be the investment costs.

The **aid amount** shall not exceed the difference between the eligible costs and the operating profit of the investment. The operating profit shall be deducted from the eligible costs ex ante or through a claw-back mechanism.

The **maximum aid amount** for this category of aid is EUR 50 million per undertaking, per investment project.

19. Aid for environmental studies

Aid for environmental studies under this scheme shall comply with GBER 2014-20, Article 49.

The **eligible costs** shall be the costs of the studies, including energy audits, directly linked to investments referred to in Section 7 of the GBER 2014-20.

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.

The **aid intensity** shall not exceed 50 % of the eligible costs.

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.

20. Reporting

In compliance with GBER 2014-20 Article 11(b), the Managing Authority will assure the compilation of the data required for the submission to the Commission an annual report for each whole year or each part year during which this scheme applies.

21. Monitoring

In compliance with GBER 2014-20, Article 12, the Managing Authority will assure the maintenance of detailed records with the information and supporting documentation necessary to establish that all the conditions laid down in GBER 2014-20 are fulfilled. Such records shall be kept for 10 years from the date on which the last aid was granted under the scheme. The Managing Authority will enable the provision to the Commission within a period of 20 working days or such longer period as may be fixed in the request, all the information and supporting documentation which the Commission considers necessary to monitor the application of GBER 2014-20.