



Department
of Energy &
Climate Change

DECC Guidance on EU Funding Mechanism “NER300” for Renewables Demonstration Projects – Second Call for Proposals

28 May 2013

NER 300

UK Guidance to UK Applicants for NER funding for innovative renewable energy demonstration projects

Introduction

1. On 3 April 2013, the European Commission published its Call for Proposals for the second round of New Entrant Reserve (NER) funding. This note is intended to provide high-level guidance for potential UK applicants for renewable demonstration projects, but it does not replace or override the Call for Proposals in any way.
2. Applicants should also refer to the European Commission's FAQ, which will be available at the same address as the Call for Proposals:
http://ec.europa.eu/clima/funding/ner300/index_en.htm
3. Where further guidance is referred to in this document, it will be provided directly to all eligible projects shortly.
4. Member States are required to provide the Commission with an interim communication providing information on the projects that they intend to submit within 6 weeks of the publication of the Call. This information has been sought from the potential applicants and forwarded to the Commission prior to the issue of this guidance note (**this was completed on 20 May 2013 and acknowledged by the Commission on 27 May 2013**).

Instructions for Submission of Proposals

Application Deadline

- Application forms must be submitted to DECC electronically by **5pm on 20 June 2013**, to: innovation@decc.gsi.gov.uk
- In addition, the original signed applications should be delivered to:- **David Bramble, Strategy and Evidence Group, Department of Energy and Climate Change, 6th Floor, 3 Whitehall Place, London, SW1A 2AW by 5pm on 28 June 2013.**

Applications forms can be downloaded at:
http://ec.europa.eu/clima/funding/ner300/index_en.htm from section III) Documents by opening "Innovative Renewable Energy" and then the relevant sub-category.

Contact for Enquiries

The contact for enquiries is:
David Bramble
Department of Energy and Climate Change
Tel: 0300 068 6942
Email: david.bramble@decc.gsi.gov.uk

Timetable¹

Activity	Deadline
Call for Proposals published	3 April 2013
Project Sponsors notify DECC of intent to apply	21 May 2013
UK publishes guidance on NER for UK applicants	28 May 2013
Project Sponsors submit application forms to DECC	20 June 2013
Member States submit proposals to European Investment Bank (EIB)	3 July 2013
Evaluation, ranking and list of recommended projects provided by EIB to the European Commission	By 3 April 2014, subject to number of Project Applications
European Commission Award Decisions	By 3 September 2014, subject to number of Project Applications (the Commission states that it aims to make the award decisions by mid-2014).

¹ This timetable is based on the information set out in the Call for Proposals. Elements of that timetable are expressed to be indicative and interested parties are advised to check the Commission’s NER 300 website regularly for details of any changes to the process. This timetable is therefore subject to any changes made by the Commission to the NER 300 Process.

About the NER300

At the European Council in December 2008 Heads of Government agreed to make available up to 300 million EU emissions allowances (EUAs) from the New Entrants’ Reserve (NER) of the EU Emissions Trading Scheme to part-fund “demonstration of carbon capture and storage and innovative renewable energy”.

What is the NER300?

The NER300 is a common fund of 300 million EU ETS allowances set aside for supporting about 8 CCS and 34 renewable energy projects. The number of projects to be awarded will be dependent on the quality and costs of the proposals submitted. The NER300 decision establishes that no more than three awards may be made to any one Member State across the two calls for proposals. Trans boundary projects do not compute towards this maximum. Member States with three awards would only qualify for a further award in the unlikely event that there are no takers from a Member State with fewer than three awards.

As the UK has already been awarded two marine renewable projects under the first call, the opportunities for support under this second Call are likely to be limited to one project only across all technologies. The Commission has declared that eight Carbon Capture and Storage (CCS) projects shall be funded and, as the UK has made a clear commitment to the development of this technology, the UK will be supporting CCS applications under the NER300 second call.

This means that competition under this Call will be very strong and is likely to affect the prospects for a successful award. Applicants should therefore take this into account when deciding to bid for funds under the second call.

How much funding will be available for projects under the second call?

The second call of the NER 300 programme will be funded with the proceeds from the sales of 100 million EU ETS allowances as well as approximately € 288 million that remained unspent from the first call. The total amount of funding available to fund projects under the second call will only be known once the sale of allowances is complete. Details of the sale of allowances are to be confirmed and will be published in due course by the EIB on its website. Details of earlier sales of allowances can be found on the following website:

<http://www.eib.org/products/ner-300/reports.htm>

Costs and Funding

Relevant Costs

Combining with other Funding Mechanisms

5. The UK Government is not proposing to provide public capital funding to match NER funding for renewable demonstration projects. We expect NER funding for renewable demonstration projects to be matched with private funds. As with any other renewable

energy development, when in operation they may be eligible for market support in accordance with the rules of the market based incentives available for renewables at that time.

Upfront Funding (4.8.3, 32)

6. The call for proposals states that part or all of the funding for a project, not exceeding 50% of the relevant costs of that project, may be awarded prior to the entry into operation of the project – i.e. for up front capital costs. However, where projects receive up front capital, their Government must guarantee to cover these costs if the project does not proceed or is unsuccessful in generating sufficient renewable energy.
7. The UK Government does not intend to provide such guarantees for NER funded renewable demonstration projects, so UK projects should apply only on the basis of annual performance payments.

Knowledge Sharing Requirements

8. The Call and accompanying Specification for Legally Binding Instrument sets out the NER knowledge sharing requirements. Before NER funds are disbursed, project sponsors must enter into an agreement in accordance with the Specifications for Legally Binding Instrument provided in Annex 4 to the Call for Proposals if their application is successful.

Eligibility Assessment and Criteria

Eligibility Assessment by Member States

9. Any project applying to the NER process must meet the criteria set out in the European Commission’s Call for Proposals.
10. In addition, Member States may apply their own eligibility criteria and it is for them to determine which projects to support and, therefore, submit to the EIB for consideration. Under the rules of the NER, Member States are allowed to receive funding for up to three projects across both the first and second Calls. Given that the UK has already received funding for two renewable projects under the first Call, the UK can only receive funding from up to one project under this second Call.
11. The devolved administrations may be consulted in respect of any applications coming forward from their areas.

Freedom of Information

12. Information held by DECC may be subject to requests for disclosure to other parties in accordance with the Freedom of Information Act 2000, the Environmental Information Regulations 2004, or the Data Protection Act 1998.
13. Where a Project Sponsor believes that information it submits is of a confidential or commercially sensitive nature, the Project Sponsor must clearly state this when submitting

the relevant information. In considering any request for disclosure of such information under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004, DECC will consider and make use of relevant exemptions or exceptions where they properly apply and, where relevant, will consider whether the public interest in withholding the information outweighs the public interest in disclosing the information. DECC would usually consult and consider the views of a Project Sponsor if information it had supplied were the subject of a request, although decisions on disclosure would ultimately be taken by DECC. However, any decision by DECC against the release of information can be appealed to the Information Commissioner.

