



Ministry of Environment of the Slovak Republic

Annual Report on the Modernisation Fund 2021

Pursuant to Commission implementing regulation (EU) 2020/1001 of 9 July 2020 laying down detailed rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards the operation of the Modernisation Fund supporting investments to modernise the energy systems and to improve energy efficiency of certain Member States under Article 13, Slovakia is mandatory to submit an annual report by 30 April 2022 for the preceding year 2021.

No.	Name and reference of the investment	1.1. number of investments financed from the Modernisation Fund to date;
1	MF 2021-2 SK 0-001 State Aid Scheme to support the production of electricity from renewable energy sources from the Modernization Fund	1
2	MF 2021-2 SK 0-002 State Aid Scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund: high-efficiency cogenerations	1
3	MF 2021-2 SK 0-003 State aid scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund – DHC	1

1. Overview of investments

<p>1.2. number of on-going, completed and discontinued investments;</p>	<p>1.3. overall ratio of the financing provided to priority investments against non-priority investments, if any, in the beneficiary Member State.</p>
<p>Number of on- going investments: 1 (MF 2021-2 SK 0-001) Number of completed investments: 0 Number of discontinued investments: 0</p> <p><i>SK comment: So far, no call for relevant state aid schemes were published, which means that no funds have been paid to individual project proponents yet.</i></p>	<p>no non-priority investment was submitted</p>
<p>Number of on- going investments: 1 (MF 2021-2 SK 0-002) Number of completed investments: 0 Number of discontinued investments: 0</p> <p><i>SK comment: So far, no call for relevant state aid schemes were published, which means that no funds have been paid to individual project proponents yet.</i></p>	<p>no non-priority investment was submitted</p>
<p>Number of on- going investments: 1 (MF 2021-2 SK 0-003) Number of completed investments: 0 Number of discontinued investments: 0</p> <p><i>SK comment: So far, no call for relevant state aid schemes were published, which means that no funds have been paid to individual project proponents yet.</i></p>	<p>no non-priority investment was submitted</p>

2.1. total investment triggered (total investment costs);	2.2. dates and amounts of payments from the Modernisation Fund to the project proponent or the scheme managing authority;	2.3. amounts received from the Modernisation Fund by the beneficiary Member State but not yet paid to the project proponent or the scheme managing authority;
416 666 000 eur (without VAT) 499 999 200 eur (with VAT)	0	Dec. 6, 2021: 20 000 000 eur
596 000 000 eur (without VAT) 715 200 000 eur (with VAT)	Dec. 6, 2021: 35 000 000 eur	May 25, 2022: 20 000 000 eur
765 000 000 eur (without VAT) 918 000 000 eur (with VAT)	Dec. 6, 2021: 65 000 000 eur	May 25, 2022: 29 500 000 eur

2.4. | any amounts recovered by the beneficiary Member State from the project proponent or the scheme managing authority, and the dates of recovery;

n/a

n/a

n/a

2. Information on each investment

2.5. | an assessment of the added value of the investment in terms of energy efficiency and modernisation of the energy system, including information on the following: | (a) | the energy saved in MWh; | (b) | expected cumulative MWh saved by the end of the investment lifetime; | (c) | the greenhouse gas emissions saved in tCO₂; | (d) | expected cumulative tCO₂ saved by the end of the investment lifetime; | (e) | the additional renewable energy capacity installed, if applicable; | (f) | achieved leverage of funds (total amount invested in relation to the contribution from the Modernisation Fund);

(a) the energy saved in MWh: 540 000 MWh /year,
(b) expected cumulative MWh saved by the end of the investment lifetime: 5 400 000 MWh (assuming 10 years of investment lifetime),
(c) the greenhouse gas emissions saved in tCO₂: 90,1 thousand tons,
(d) expected cumulative tCO₂ saved by the end of the investment lifetime: 901,0 thousand tons
(e) the additional renewable energy capacity installed, if applicable: n/a
(f) achieved leverage of funds (total amount invested in relation to the contribution from the Modernisation Fund): 1,66 mil. EUR (416,66 mil. eur/250 mil. eur).

(a) the energy saved in MWh: 1200 GWh/year
(b) expected cumulative MWh saved by the end of the investment lifetime: 14 400 GWh assuming 12 years of investment lifetime.
(c) the greenhouse gas emissions saved in tCO₂: 635 thousand tons/year.
(d) expected cumulative tCO₂ saved by the end of the investment lifetime: 7,62 mil. tons assuming 12 years of investment lifetime.
(e) the additional renewable energy capacity installed, if applicable: 50MW of new or modernized capacity,
(f) achieved leverage of funds (total amount invested in relation to the contribution from the Modernisation Fund): 1,70 mil. EUR (596 mil. eur/350 mil. eur).

(a) the energy saved in MWh: expected annual reduction in the consumption of primary energy sources is approximately 185 GWh.
(b) expected cumulative MWh saved by the end of the investment lifetime: 3700 GWh assuming 20 years of investment lifetime.
(c) the greenhouse gas emissions saved in tCO₂: 40 thousand tons/year.
(d) expected cumulative tCO₂ saved by the end of the investment lifetime: 800 thousand tons assuming 20 years of investment lifetime.
(e) the additional renewable energy capacity installed, if applicable: n/a
(f) achieved leverage of funds (total amount invested in relation to the contribution from the Modernisation Fund): 1,18 mil. EUR (765 mil. eur/650 mil. eur).

2.6. when the investment aims at implementation of a territorial just transition plan, information about the expected contribution of the investment to that plan.	2.7. for schemes, the reporting data specified shall be presented in aggregated form.	3.1. milestones achieved since the previous annual report;
n/a	relevant data not yet available	
n/a	relevant data not yet available	
n/a	relevant data not yet available	

3. Additional information about investments other than schemes

3.2. expected entry into operation;	3.3. identified or expected delays in implementation;	3.4. identified or expected changes in eligible costs, technology applied or results of an investment.
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n/a - Slovakia has not submitted any individual project

n/a - Slovakia has not submitted any individual project

n/a - Slovakia has not submitted any individual project

4. Additional information about non-priority investment

4.1. | confirmation of co-financing from private sources.

n/a - Slovakia has not submitted any non-priority project

n/a - Slovakia has not submitted any non-priority project

n/a - Slovakia has not submitted any non-priority project

Name and reference of the investment
<p data-bbox="351 698 606 732">MF 2021-2 SK 0-001</p> <p data-bbox="167 739 794 848">State Aid Scheme to support the production of electricity from renewable energy sources from the Modernization Fund</p>
<p data-bbox="351 1404 606 1438">MF 2021-2 SK 0-002</p> <p data-bbox="162 1442 799 1592">State Aid Scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund: high-efficiency cogenerations</p>

MF 2021-2 SK 0-003

State aid scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund – DHC

Short description of the investment proposal

State Aid Scheme to support the production of electricity from renewable energy sources to support investments in facilities for the generation of electricity from renewable energy sources (SA.63410) in order to increase the share of renewable energy sources (RES) in gross final energy consumption in Slovakia. The granting authority is the Ministry of the Environment of the Slovak Republic and the implementing/managing authority is the Ministry of Economy of the Slovak Republic. The estimated average annual volume of funds from the Modernisation Fund for the implementation of this scheme is 40 mil. EUR. The indicative amount of expenditure planned under this scheme for the period 2021 - 2030 is 400 mil. EUR. The estimated date of the call publication is 4Q 2022 – 1Q 2023. The Ministry of Environment of the Slovak republic link “Modernisation Fund”:
<https://www.minzp.sk/klima/modernizacny-fond/modernisation-fund/>

Investment proposals MF 2021-2 SK 0-002 and MF 2021-2 SK 0-003 are both included in the State aid scheme for district heating (SA.63411), but were submitted separately. The scheme aims at improving of energy efficiency, modernizing of energy systems, including district heating or district heating (DH), energy storage

and smart grid solutions heat, to increase the share of electricity and heat produced by high-efficiency combined heat and power (CHP) plants. The indicative amount of expenditure planned under this scheme for the period 2021-2030 is EUR 1 billion. EUR. The granting authority is the Ministry of the Environment of the Slovak Republic and the implementing/managing authority is the Environmental Fund. The call for projects will be published in June 2022. The Ministry of Environment of the Slovak republic link "Modernisation Fund": <https://www.minzp.sk/klima/modernizacny-fond/modernisation-fund/>

Additional information

Current status

12 October 2021 EIB has confirmed the investment proposals as a priority investment
6 December 2021 the Commission decision was issued on the disbursement of the Modernisation Fund revenues under the EU ETS directive in the amount of EUR 20 million EUR.

12 October 2021 EIB has confirmed the investment proposals as a priority investment
6 December 2021 the Commission decision was issued on the disbursement of the Modernisation Fund revenues under the EU ETS directive in the amount of 35 million EUR
24 March 2022 EIB has confirmed the investment proposals for the subsequent disbursement request in the amount of 20 mil. EUR
25 May 2022 the Commission decision was issued on the disbursement of the Modernisation Fund revenues under the EU ETS directive in the amount of 20 million EUR

12 October 2021 EIB has confirmed the investment proposals as a priority investment
6 December 2021 the Commission decision was issued on the disbursement of the
Modernisation Fund revenues under the EU ETS directive in the amount of 65 million EUR
24 March 2022 EIB has confirmed the investment proposals for the subsequent
disbursement request in the amount of 29,5 mil. EUR
25 May 2022 the Commission decision was issued on the disbursement of the
Modernisation Fund revenues under the EU ETS directive in the amount of 29,5 million
EUR

Next steps

The estimated date of the call publication is 4Q 2022 – 1Q 2023.

SK comment: The call under the Recovery and Resilience Plan was announced as a matter of priority for this investment area, due to the earlier deadline for drawing of the RRF funds.

The call for projects will be published in June 2022.

The call for projects will be published in June 2022.

SK comment: The deadline for the first call publication for applications for support from the Modernisation Fund revenues was postponed to June 2022 due to unresolved administrative steps related to the technical assistance contract.

The governance on the implementation of the Modernisation Fund in Slovakia

The Modernisation Fund, the management of revenues from the Modernisation Fund allocated to the Slovak Republic, as well as the purpose and process of their use is regulated in national Act no. 414/2012 on Emissions Trading and on Amendments to Certain Acts.

On 28 September 2020, a commission of the Ministry of the Environment of the Slovak Republic and the Ministry of Economy of the Slovak Republic was established by a decision of the Minister of the Environment of the Slovak Republic to support investments from the Modernisation Fund with effect from 15 October 2020 (herein after "MoF Commission"). The MoF Commission consists of five members for the Ministry of the Environment of the Slovak Republic and five members for the Ministry of the Environment of the Slovak Republic (including the State Secretaries for the both Ministries).

The role of the MoF Commission is to carry out activities related to the implementation and setting of conditions for the operation of the Modernisation Fund in the Slovak Republic in accordance with the Commission Implementing Regulation (EU) 2020/1001 of 9 July 2020 laying down detailed rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards the operation of the Modernisation Fund supporting investments to modernise the energy systems and to improve energy efficiency of certain Member States as well as activities related to the preparation of overview of investments and preparation and submission of investment proposals to the EIB and the Investment Committee.

Investment strategy

In April 2021, the Ministry of the Environment of the Slovak Republic began preparing the document "Investment Strategy for the Modernisation Fund - Low Carbon Support Mechanism for the Period 2021 - 2030", which aims to set a transparent way of using MoF funds in the Slovak Republic, determine investment areas during the period 2021-2030 and to ensure a uniform procedure of selecting investments to be supported. *SK comment: The document is in the legislative process.*

Investment plans of the Slovak Republic

Other investment areas that the Ministry of the Environment of the Slovak Republic plans to support in the coming years from MoF funds through state aid schemes or as individual projects are:

1. Area of heat production for commercial purposes - support for the replacement of coal combustion in DH, increasing energy efficiency in the production and supply of heat, including the reconstruction of distribution, support for the use of heat production from RES.

2. Electro-energetics - support for the use of electricity production from RES (photovoltaics,

hydroelectric power plants, geothermal energy ...).

3. Electrical energy - increasing energy efficiency in the production of electricity from RES (including increasing energy efficiency in hydropower plants).

4. Industry - support for decarbonization of industry and replacement of coal combustion in industrial energy and technologies, increasing energy efficiency in industry.

Investments financed from the Modernisation Fund revenues must comply with the EU and Slovak legal framework and also with the national strategic documents: Integrated National Energy and Climate Plan of Slovakia for the years 2021 - 2030 (approved by the Resolution of the Government of the Slovak Republic no. 606/2019) and Low-carbon development strategy of the Slovak Republic until 2030 with a view to 2050 (approved by the Resolution of the Government of the Slovak Republic no. 104/2020). These two documents are the main "manual" for the implementation of the measures to decarbonise the Slovak energy and industry and for the transition to a carbon-neutral economy and to meet the overall EU objectives.

Integrated National Energy and Climate Plan for 2021 to 2030 link:

https://energy.ec.europa.eu/system/files/2020-03/sk_final_necp_main_en_0.pdf