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MODERNISATION FUND
Accelerating the transition to climate neutrality



MODERNISATION FUND

EIB CONFIRMATION OF PRIORITY INVESTMENT

Subsequent Disbursement Request

ref. MF 2023-1 HR 0-001

Beneficiary Member State: Croatia

Investment Proposal: Energy efficiency improvement and high-efficiency cogeneration investments in the manufacturing industry.

1. Background

The Modernisation Fund was set up pursuant to Article 10d of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (the “ETS Directive”).

The legal basis for the operation of the Modernisation Fund is set out in 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 (the “Implementing Regulation”).

In accordance with Article 10d(6) of the ETS Directive, the European Investment Bank (the “EIB”) is to confirm whether a proposed investment falls into a priority area. The EIB may confirm the proposal as a priority investment if the conditions specified in Article 6(7) of the Implementing Regulation are met.

After the European Commission has decided on the first disbursement to the scheme, any subsequent disbursement shall require a separate proposal from the beneficiary Member State specifying the amount to be disbursed and containing the updated information about the scheme, as appropriate.

In accordance with Article 7(8) where a proposal concerns a subsequent disbursement for a scheme confirmed by the EIB in accordance with paragraph 9 prior to the first disbursement, the assessment of the proposal by the EIB shall be limited to verification of the available funds in accordance with point (b) of paragraph 7, provided that there have been no changes to the scheme.

2. Investment proposal

Pursuant to Article 4(2) (second sentence) of the Implementing Regulation, Croatia (the “beneficiary Member State”) submitted on 14/02/2023 to the EIB an investment proposal concerning a subsequent disbursement from the Modernisation Fund for the “Energy efficiency improvement and high-efficiency cogeneration investments in the manufacturing industry” MF 2023-1 HR 0-001).

The investment scheme “Energy efficiency improvement and high-efficiency cogeneration investments in the manufacturing industry” was confirmed as a priority investment proposal by the EIB on 10/10/2022 (Modernisation Fund reference number MF 2022-2 HR 0-002).

The investment proposal will support the scheme for improving energy efficiency in industry in Croatia. The proposed measures can be divided into the following main areas:

- a) recovery of thermal energy;
- b) expansion and modernisation of existing installations;
- c) use of industrial waste gases for energy production;
- d) control and optimisation of energy use;
- e) high-efficiency cogeneration.

The European Commission issued Decision C(2022) 9480 on disbursement of the revenues of the Modernisation Fund under Directive 2003/87/EC on 12 December 2022.

The EIB has already disbursed an amount of EUR 40 000 000 of the revenues of the Modernisation Fund.

The beneficiary Member State has requested funding of EUR 40 000 000 for a subsequent disbursement under the proposed scheme.

The beneficiary Member State has indicated an expected Modernisation Fund funding for the investment proposal of EUR 80 000 000.

3. Compliance with the conditions for priority investment

- a) The beneficiary Member State has confirmed that there have been no changes to the scheme.
- b) The beneficiary Member State has sufficient funds available for the requested disbursement according to the statement of the available funds referred to in Article 5(1) of the Implementing Regulation and after deduction of any amounts to be disbursed for investments already confirmed in accordance with Article 6(9) of the Implementing Regulation.

4. Conclusions

The EIB has assessed the subsequent disbursement proposal based on the information submitted by the beneficiary Member State in accordance with Article 4(2) (second sentence) of the Implementing Regulation. Given the beneficiary Member State has confirmed there has been no change to the scheme EIB's assessment is limited to the verification of available funds as set out in Article 6(8) of the Implementing Regulation. EIB confirms that sufficient funds are available for the disbursement requested.

The beneficiary Member State has declared that there are no changes to the evidence of State aid compliance for the Scheme.

In view of the above, and in reliance on the information and evidence provided and the confirmations given by the beneficiary Member State, as described at paragraph 3 above, the EIB confirms the subsequent disbursement of EUR 40 000 000 for the priority scheme "Energy efficiency improvement and high-efficiency cogeneration investments in the manufacturing industry" (Modernisation Fund reference number MF 2023-1 HR 0-001).

This confirmation is without prejudice to the requirement for a disbursement decision to be made pursuant to Article 10d(3) of the ETS Directive.

European Investment Bank
Luxembourg, 15th March 2023