



**Ministry of Environment of the Slovak Republic**

**Annual Report on the Modernisation Fund 2022**

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.

1. Overview of investments				2. Information on each investment				3. Additional information about investments other than schemes				4. Additional information about non-priority investment				
No.	Name and reference of the investment	1.1.   number of investments financed from the Modernisation Fund to date	1.2.   number of on-going, completed and discontinued investments;	1.3.   overall ratio of the financing provided to priority investments against non-priority investments, if any, in the beneficiary Member State.	2.1.   total investment triggered (total investment costs)	2.2.   date and amount 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.	2.4.   any amounts received by the beneficiary Member State from the project proponent or the scheme managing authority, and the date of recovery;	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 tCO <sub>2</sub> e; (d)   expected cumulative tCO <sub>2</sub> e 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)	2.6.   when the investment starts at implementation of the investment plan, information about the expected contribution of the investment to that plan.	2.7.   for schemes, the reporting data specified shall be provided in aggregated form.	3.1.   milestones achieved since the previous annual report.	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.	4.1.   confirmation of co-financing from private sources.
1	MF 2021-2 SK 0-001 State Aid Scheme to support the production of electricity from renewable energy sources from the Modernisation Fund	0 (none)	No call was launched so far which means that no funds have been paid to individual project proponents. It is very likely that this investment proposal will be considered discontinued and updated in 2023.		436 666 000 eur (without VAT) 499 999 200 eur (with VAT)	0 eur	Dec 6, 2021; 20 000 000 eur	n/a	(a) the energy saved in MWh: 542 000 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 tCO <sub>2</sub> e: 102,1 thousand tons; (d) expected cumulative tCO <sub>2</sub> e saved by the end of the investment lifetime: 902,0 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): 1,06 mil. EUR (103,66 mil. eur/200 mil. eur)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
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 cogeneration		1. Round start: 27.6.2022 - 29.9.2022; 1 project was received with a total requested amount of funding from the MF resources 14 725 998 EUR, the project was approved and the contract for state aid granting was signed.  2. Round start: 30.9.2022 till 31.12.2022; 24 projects were received with a total requested amount of funding from the MF resources 122 mil. EUR*  For information: the third evaluation round was launched 28.2.2023 and will be closed 31.2.2023. The first "open" call for project submissions was launched on July 27, 2022. The call consists of 8 evaluation rounds. 1. Round start: 27.6.2022 - 29.9.2022; 24 projects were received with a total requested amount of funding from the MF resources 43 188 154 EUR 13 projects were approved with the amount of 30 852 704 EUR of which 11 projects for state aid granting are currently signed. 1 project (the amount requested 7 331 450 EUR) was rejected due to non-compliance with eligible activities.  2. Round start: 30.9.2022 till 31.12.2022; 24 projects were received with a total requested amount of funding from the MF resources 122 mil. EUR*  For information: the third evaluation round was launched 28.2.2023 and will be closed 31.2.2023.		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	n/a	(a) the energy saved in MWh: 1020 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 tCO <sub>2</sub> e: 635 thousand tons/year. (d) expected cumulative tCO <sub>2</sub> e 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 modernised capacity. (f) achieved leverage of funds (total amount invested in relation to the contribution from the Modernisation Fund): 1,70 mil. EUR (360 mil. eur/200 mil. eur)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
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. Round start: 27.6.2022 - 29.9.2022; 24 projects were received with a total requested amount of funding from the MF resources 43 188 154 EUR 13 projects were approved with the amount of 30 852 704 EUR of which 11 projects for state aid granting are currently signed. 1 project (the amount requested 7 331 450 EUR) was rejected due to non-compliance with eligible activities.  2. Round start: 30.9.2022 till 31.12.2022; 24 projects were received with a total requested amount of funding from the MF resources 122 mil. EUR*  For information: the third evaluation round was launched 28.2.2023 and will be closed 31.2.2023.		765 000 000 eur (without VAT) 918 000 000 eur (with VAT)	Dec 6, 2021; 65 000 000 eur	May 25, 2022; 20 500 000 eur	n/a	(a) 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 tCO <sub>2</sub> e: 40 thousand tons/year (d) expected cumulative tCO <sub>2</sub> e 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 (193 mil. eur/160 mil. eur)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4	MF 2022-2 SK 0-002 State aid scheme for the decarbonisation of industry from the Modernisation Fund		For information: the first call (with an allocation of 350 mil. EUR) for project submissions was launched on March 30, 2022. Deadline for submission of applications is June 30, 2023.		750 000 000 eur (without VAT) 900 000 000 eur (with VAT) (Support will be granted based on competitive bidding)	0 eur	Dec 13, 2022; 150 000 000 eur	n/a	(a) the energy saved in MWh: expected decrease in primary energy consumption: 60 MWh/year (1,5 mil. MWh, expected decrease of final energy consumption: (in MWh)/year is 6,5 mil. MWh (b) expected cumulative MWh saved by the end of the investment lifetime: the decrease in primary energy consumption and decrease in energy efficiency consumption will be verified after project completion. (c) the greenhouse gas emissions saved in tCO <sub>2</sub> e: approximately 3 mil. tons. (d) expected cumulative tCO <sub>2</sub> e saved by the end of the investment lifetime: 3 mil. t CO <sub>2</sub> (for a typical full year of the investment operation). (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 mil. EUR (750 mil. eur/750 mil. eur, support will be granted based on competitive bidding).	n/a	n/a	n/a	n/a	n/a	n/a	n/a

\* 24 received projects may include eligible activities within the investment proposals MF 2021-2 SK 0-002 and MF 2021-2 SK 0-003 or their combination. The division of activities according to investment proposals will be available later, after the external expert assessment of projects.

Additional information		
Name and reference of the investment	Current status	Next steps
<p><b>MF 2021-2 SK 0-001</b> State Aid Scheme to support the production of electricity from renewable energy sources from the Modernization Fund</p>	<p>- 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.</p>	<p>The estimated date of the call publication is 4Q 2022 – 1Q 2023.</p>
<p><b>MF 2021-2 SK 0-002</b> 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>	<p>- 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</p>	<p>The call for projects was launched 27 July 2022. The call consist</p>
<p><b>MF 2021-2 SK 0-003</b> State aid scheme to support the investments to modernise energy systems, including energy storage and energy efficiency improvement from the Modernisation Fund – DHC</p>	<p>- 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</p>	<p>The call for projects was launched 27 July 2022.</p>
<p><b>MF 2022-2 SK 0-002</b> State aid scheme for the decarbonisation of industry from the Modernization fund</p>	<p>- 11 October 2022 EIB has confirmed the investment proposals as a priority investment - 12 December 2022 the Commission decision was issued on the disbursement of the Modernisation Fund revenues under the EU ETS directive in the amount of 350 million EUR</p>	<p>The first call (with an allocation of 350 mil. EUR) for project submissions was launched on March 30, 2023. Deadline for submission of applications is June 30, 2023.</p>

## Overview on the missing information for the annual report on Modernisation Fund implementation for Slovakia

Please complete the report sent to the Commission by providing the additional information specified in the table below as required per [Annex II](#) of the Modernisation Fund Implementing Regulation. It is important that all sections listed in Annex II are filled in and submitted to the Commission in a single document.

In the report submitted by Slovakia, all sections included in Annex II are missing. It is highly important that all sections are populated. In addition, please note the comments listed in the table below for some of these sections in order to ensure consistent reporting across Member States.

Section	Information	Comment
1.2	Number of on-going investments	3 investment proposals (3 schemes)  So far, no call for above mentioned investment proposals (state aid schemes) were published, which means that no funds have been paid to individual project proponents yet.
1.2	Number of completed investments	0 (none)
1.2	Number of discontinued investments	0 (none)
2.1	Total investment triggered	<b>MF 2021-2 SK 0-001:</b> - 416 666 000 eur (without VAT) - 499 999 200 eur (with VAT)  <b>MF 2021-2 SK 0-002:</b> - 596 000 000 eur (without VAT) - 715 200 000 eur (with VAT)  <b>MF 2021-2 SK 0-003:</b> - 765 000 000 eur (without VAT) - 918 000 000 eur (with VAT)  <b>MF 2022-2 SK 0-002:</b> - 750 000 000 eur (without VAT) - 900 000 000 eur (with VAT)
2.2 and 2.3	Dates and amounts of payments from the Modernisation Fund to the project proponent or the scheme managing authority;	<b>1. MF 2021-2 SK 0-001:</b> - 0 eur <b>2. MF 2021-2 SK 0-002:</b> - Dec. 6, 2021: 35 000 000 eur <b>3. MF 2021-2 SK 0-003:</b> - Dec. 6, 2021: 65 000 000 eur <b>4. MF 2022-2 SK 0-002:</b> - Dec. 12, 2022: 0 eur

	<p>Amounts received from the Modernisation Fund by the beneficiary Member State but not yet paid to the project proponent or the scheme managing authority [mil. EUR]</p>	<p><b>1. MF 2021-2 SK 0-001:</b> - Dec. 6, 2021: 20 000 000 eur</p> <p><b>2. MF 2021-2 SK 0-002:</b> - May 25, 2022: 20 000 000 eur</p> <p><b>3. MF 2021-2 SK 0-003:</b> - May 25, 2022: 29 500 000 eur</p> <p><b>4. MF 2022-2 SK 0-002:</b> - Dec. 12, 2022: 350 000 000 eur</p>
<p>2.5</p>	<p>Each subcategory (a) to (f)</p>	<p><b>1. MF 2021-2 SK 0-001:</b>  <u>(a) the energy saved in MWh:</u> 540 000 MWh /year,  <u>(b) expected cumulative MWh saved by the end of the investment lifetime:</u> 5 400 000 MWh (assuming 10 years of investment lifetime),  <u>(c) the greenhouse gas emissions saved in tCO<sub>2</sub>:</u> 90,1 thousand tonnes,  <u>(d) expected cumulative tCO<sub>2</sub> saved by the end of the investment lifetime:</u> 901,0 thousand tonnes  (e) the additional renewable energy capacity installed, if applicable: n/a  <u>(f) achieved leverage of funds (total amount invested in relation to the contribution from the Modernisation Fund):</u> 1,66 mil. EUR (416,66 mil. eur/250 mil. eur).</p> <p><b>2. MF 2021-2 SK 0-002:</b>  <u>(a) the energy saved in MWh:</u> 1200 GWh/year  <u>(b) expected cumulative MWh saved by the end of the investment lifetime:</u> 14 400 GWh assuming 12 years of investment lifetime.  <u>(c) the greenhouse gas emissions saved in tCO<sub>2</sub>:</u> 635 thousand tonnes/year.  <u>(d) expected cumulative tCO<sub>2</sub> saved by the end of the investment lifetime:</u> 7,62 mil. tonnes assuming 12 years of investment lifetime.  <u>(e) the additional renewable energy capacity installed, if applicable:</u> 50MW of new or modernized capacity,  <u>(f) achieved leverage of funds (total amount invested in relation to the contribution from the Modernisation Fund):</u> 1,70 mil. EUR (596 mil. eur/350 mil. eur).</p> <p><b>3. MF 2021-2 SK 0-003:</b>  <u>(a) the energy saved in MWh:</u> expected annual reduction in the consumption of primary energy sources is approximately 185 GWh.</p>

		<p><u>(b) expected cumulative MWh saved by the end of the investment lifetime: 3700 GWh assuming 20 years of investment lifetime.</u></p> <p><u>(c) the greenhouse gas emissions saved in tCO<sub>2</sub>: 40 thousand tons/year.</u></p> <p><u>(d) expected cumulative tCO<sub>2</sub> saved by the end of the investment lifetime: 800 thousand tonnes assuming 20 years of investment lifetime.</u></p> <p><u>(e) the additional renewable energy capacity installed, if applicable: n/a</u></p> <p><u>(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).</u></p> <p><b>4. MF 2022-2 SK 0-002:</b></p> <p><u>a) the energy saved in MWh: expected annual reduction in the consumption of primary energy sources is approximately 278 GWh.</u></p> <p><u>(b) expected cumulative MWh saved by the end of the investment lifetime: 2780 GWh.</u></p> <p><u>(c) the greenhouse gas emissions saved in tCO<sub>2</sub>: 40 thousand tons/year.</u></p> <p><u>(d) expected cumulative tCO<sub>2</sub> saved by the end of the investment lifetime: GHG emission reductions after the implementation of projects supported under this investment compared to the reference period (average emissions in 2016-2019) should reach approximately 3 mil. tonnes of CO<sub>2</sub>eqv on an annual basis.</u></p> <p><u>(e) the additional renewable energy capacity installed, if applicable: n/a</u></p> <p><u>(f) achieved leverage of funds (total amount invested in relation to the contribution from the Modernisation Fund): The amount of aid is not limited by the scheme, the Slovak authorities do not limit bidders in their calculations of funding gap, which shall follow point 48 CEEAG).</u></p> <p><i><u>SK comment: the values for the scenario at the time of the report are zero, as no individual project has yet been financed under the above mentioned investment proposals (schemes).</u></i></p>
3.1	Milestones achieved since the previous annual report	For transparency and consistency reasons, please include those headings in the report, while indicating that they are not applicable as these sections only apply to projects, and not to 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	N/A
4.1	Confirmation of co-financing from private sources	

**Governance of the Modernisation Fund in Slovakia**

The Directive 2003/87/EC of the European Parliament and the Council establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC is under the responsibility of the Ministry of the Environment of the Slovak Republic (hereinafter referred to as "the Ministry of the Environment"), the managing of the Modernisation Fund resources is according to the national legislation (Act No. 414/2012 on the trading of emission allowances) also in the responsibility of the Ministry of the Environment.

On September 28, 2020, by the decision of the Minister of the Ministry of the Environment, a Commission of the Ministry of the Environment of the Slovak Republic and the Ministry of the Economy of the Slovak Republic was established to support investments from the Modernisation Fund resources (hereinafter referred to as "the MF Commission"). The MF Commission is composed of five members from the Ministry of the Environment and five members from the Ministry of Economy (including the state secretaries from mentioned ministries).

The task of the MF Commission is to carry out activities related to the implementation and setting of conditions for the functioning of the Modernisation Fund in the Slovak Republic in accordance with the Modernisation Fund implementing regulation, as well as to perform activities related to the preparation and approval of Indicative lists of investment proposals, the approval of the recommended investment proposals (after the external expert assessment) for the submission for assessment by the EIB.

The meetings of the MF Commission are held 3-5 times a year, but always before the meetings of the Investment Committee.

The MF Commission is governed by the statute, which contains the rules of its functioning as well as the rights and obligations of chairman (the state secretary of the Ministry of the Environment), vice-chairman (the state secretary of the Ministry of the Economy of the Slovak Republic) and its members. The secretary of the MF Commission (without voting rights) is responsible for its administration.

**Modernisation fund - priority investments in Slovakia**

On 12 October 2021, the European Investment Bank confirmed the State aid scheme for district heating and the State aid scheme to support the production of electricity from renewable energy sources as priority investments.

The amount of the resources from the Modernisation Fund specified in the Disbursement decision of the Commission will be paid to the Slovak Republic to each investment confirmed as a priority investment by the EIB as follows:

- **MF 2021-2 SK 0-001:** 20 EUR million in the first disbursement to the State Aid Scheme (SA.63410) to support the production of electricity from renewable energy sources to support investments in facilities for the generation of electricity from renewable energy sources (RES) in order to increase the share of RES in gross final energy consumption in Slovakia. The Granting Authority is the Ministry of the Environment of the Slovak Republic and the Implementing 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 text of the: [https://www.minzp.sk/files/oblasti/politika-zmeny-klimy/ets/schema-st-pomoci-mof\\_mhsr-eng\\_f.pdf](https://www.minzp.sk/files/oblasti/politika-zmeny-klimy/ets/schema-st-pomoci-mof_mhsr-eng_f.pdf)
- **MF 2021-2 SK 0-002:** 55 million EUR was paid out in the first and second disbursements. This investment proposal is covered in the state aid scheme (SA.63411) which aims at improving of energy efficiency, modernizing of energy systems, including district heating or district heating (DH), energy storage and smart grid solutions heat. 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 Authority is the Environmental Fund. Text of the scheme: [https://www.minzp.sk/files/oblasti/politika-zmeny-klimy/ets/schema-sp-mof-teplarne-final\\_en.pdf](https://www.minzp.sk/files/oblasti/politika-zmeny-klimy/ets/schema-sp-mof-teplarne-final_en.pdf)
- **MF 2021-2 SK 0-003:** 94,5 million EUR was paid out in the first and second disbursements. This investment proposal is covered in the state aid scheme (SA.63411) which aims to increase the share of electricity and heat produced by high-efficiency combined heat and power (CHP) plants. Text of the scheme: [https://www.minzp.sk/files/oblasti/politika-zmeny-klimy/ets/schema-sp-mof-teplarne-final\\_en.pdf](https://www.minzp.sk/files/oblasti/politika-zmeny-klimy/ets/schema-sp-mof-teplarne-final_en.pdf)

**MF 2021-2 SK 0-002 and MF 2021-2 SK 0-003:** the first "open" call for project submissions was launched on July 27, 2022. The call consists of 3 evaluation rounds (ER):

1. Round start: 27.6.2022 - 29.9.2022:

- 15 project was received with a total requested amount of funding from the MF resources 57 914 152 EUR

- 13 project was approved with the amount of 50 578 702 EUR and the 11 contracts for state aid granting was signed at the time of sending the annual report.

2. ER: from 30.9.2022 till 2.12.2022:

- 24 projects were received with a total requested amount of funding from the MF resources 122 mil. EUR

3. ER was launched 28.2.2023 and will be open till 29.5.2023.

- **MF 2022-2 SK 0-002:** 350 million EUR was paid out in the first disbursement. This investment proposal is covered in the state aid scheme (SA.102388) which is aimed at supporting decarbonisation and energy efficiency measures in industrial facilities that do not prolong the use of solid fossil fuels, which will lead to a significant reduction in greenhouse gas emissions, the gradual phasing out of fossil fuels, better energy efficiency, as well as a just transition in carbon-dependent regions. The indicative amount of expenditure planned under the state aid scheme for the period 2022-2030 is EUR 750 mil. EUR. Support will be granted based on competitive bidding.



The Granting Authority and the Implementing Authority is the Ministry of the Environment of the Slovak Republic. Text of the scheme:

<https://obchodnyvestnik.justice.gov.sk/ObchodnyVestnik/Formular/FormularDetailHtml.aspx?IdFormular=3550458&csrt=2384708614519771708>

The first call (with an allocation of 350 mil. EUR) for project submissions was launched on March 30, 2023. Deadline for submission of applications is June 30, 2023.

For more details see: <https://www.minzp.sk/klima/modernizacny-fond/modernisation-fund/> .