



Европейска инвестиционна банка  
Evropská investiční banka  
Den Europæiske Investeringsbank  
Europäische Investitionsbank  
Euroopa Investeerimispank  
Ευρωπαϊκή Τράπεζα Επενδύσεων  
European Investment Bank  
Banco Europeo de Inversiones  
Banque européenne d'investissement  
An Banc Eorpach Infheistíochta  
Europska investicijska banka  
Banca europea per gli investimenti

Public

Eiropas Investīciju banka  
Europos investicijų bankas  
Európai Beruházási Bank  
Bank Ewropew tal-Investment  
Europese Investeringsbank  
Europejski Bank Inwestycyjny  
Banco Europeu de Investimento  
Banca Europeană de Investiții  
Európska investičná banka  
Evropska investicijska banka  
Euroopan investointipankki  
Europeiska investeringsbanken

**MODERNISATION FUND**

Accelerating the transition to climate neutrality

## **MODERNISATION FUND** **EIB CONFIRMATION OF PRIORITY INVESTMENT**

ref. MF 2024-2 CZ 0-008

*Beneficiary Member State: Czech Republic*  
*Investment Proposal: New energy source NA7*

### **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 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.

### **2. Investment proposal**

Pursuant to Article 4(1) of the Implementing Regulation, on 10/09/2024 Czech Republic (the “beneficiary Member State”) submitted to the EIB an investment proposal “New energy source NA7” for which it envisages a contribution from the Modernisation Fund (Modernisation Fund reference number MF 2024-2 CZ 0-008).

The project is aiming to modernise production line for nitric acid while at the same time achieving energy efficiency improvement within the process. The project is anticipated to reduce energy consumption by 128 569 MWh/year, corresponding to a 26.16%

reduction compared to the current baseline. This reduction is achieved through several key measures:

- decommissioning of Inefficient Units;
- shutdown of the K8 Boiler;
- installation of the NA7 Unit.

The new nitric acid production plant NA7, as a new primary energy source of Lovochemie, a.s., will replace the existing heat source from the brown coal boiler K8 and the production plants NA5 and NA6.

The supply of heat to the local distribution system will be in combination with the production of electricity in a high-efficiency CHP solution that provides primary energy savings (PES) higher than 10%.

The beneficiary Member State has requested funding of EUR 5 000 000 for the first disbursement under the proposed large-scale project.

The beneficiary Member State has indicated a total expected Modernisation Fund funding for the investment proposal of EUR 129 531 109.

### **3. Compliance with the conditions for a priority investment**

- a) The beneficiary Member State has demonstrated that the investment complies with the requirements laid down in Article 10d(1) of the ETS Directive as it supports the modernisation of the energy system and/or improves energy efficiency and results in greenhouse gas reduction.
- b) According to the information provided by the beneficiary Member State and pursuant to Article 10d(2) Directive 2003/87/EC, the investment is considered as a priority investment as it falls under the priority area/s c) the reduction of overall energy use through energy efficiency in industry.
- c) The beneficiary Member State has sufficient funds available from the auctioning of allowances covered by a notification pursuant to Article 10d(4) of Directive 2003/87/EC 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.
- d) The beneficiary Member State has provided evidence that the measures under the investment proposal:
  - obtained State aid clearance in accordance with the Commission Decision.
- e) The beneficiary Member State has confirmed in writing that the investment complies with any other applicable requirements of Union and national law.
- f) According to the information provided by the beneficiary Member State, the amounts requested from the Modernisation Fund are not intended to cover

the same costs of the investment as those financed by another Union or national instrument.

#### **4. Conclusions**

The EIB has assessed the investment proposal based on the information submitted by the beneficiary Member State in accordance with Article 4 and Annex 1 of the Implementing Regulation and it has concluded that the investment proposal has met the conditions specified in Article 6(7) of the Implementing Regulation.

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 proposal “New energy source NA7” (Modernisation Fund reference number MF 2024-2 CZ 0-008) as a priority investment.

This confirmation, being based in part upon an exemption from State aid notification that is limited in time, is made on the assumption that the investment proposal, if it constitutes State aid after the expiry of such time limit, will continue to be exempted from State aid notification or that the beneficiary Member State will either obtain State aid clearance or cease to finance the investment proposal with Modernisation Fund funds at that time.

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, 07<sup>th</sup> October 2024