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MODERNISATION FUND

Accelerating the transition to climate neutrality

MODERNISATION FUND

EIB CONFIRMATION OF PRIORITY INVESTMENT

LARGE-SCALE SCHEME

Subsequent Disbursement Request

ref. MF 2024-2 CZ 0-011

Beneficiary Member State: Czech Republic

Investment Proposal: Scheme: Installation of photovoltaic power plants in households of the “RES+” Programme (New renewable energy sources)

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 large-scale 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 large-scale scheme, as appropriate.

In accordance with Article 6(8) of the Implementing Regulation, where a proposal concerns a subsequent disbursement for a large-scale scheme confirmed by the EIB in accordance with Article 6(9) of the Implementing Regulation prior to the first disbursement and there have been no changes to the large-scale scheme, the EIB

may confirm the proposal as a priority investment provided that the following conditions are met:

- a) the beneficiary Member State has sufficient funds available in the relevant category or subcategory of funds 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 paragraph 9 of this Article 6(9) of the Implementing Regulation;
- b) the beneficiary Member State has provided evidence that the investment proposal is exempted from the State aid notification in accordance with the applicable State aid rules.
- c) the beneficiary Member State provides information about the implementation of the large-scale scheme in accordance with Annex I, point 4.2.

2. Investment proposal

Pursuant to Article 4(2) (second sentence) of the Implementing Regulation, on 10/09/2024 the BMS (the “beneficiary Member State”) submitted to the EIB an investment proposal concerning a subsequent disbursement from the Modernisation Fund for the “Scheme: Installation of photovoltaic power plants in households of the “RES+” Programme (New renewable energy sources)”, (Modernisation Fund reference number MF 2024-2 CZ 0-011).

The investment large-scale scheme “Scheme: Installation of photovoltaic power plants in households of the “RES+” Programme (New renewable energy sources)” was confirmed as a priority investment proposal by the EIB on 12/03/2024 (Modernisation Fund reference number MF 2024-1 CZ 0-001).

The European Commission issued Decision C(2024) 4190 on the first disbursement of the revenues of the Modernisation Fund under Directive 2003/87/EC on 12 June 2024.

The EIB has already disbursed an amount of EUR 500 000 000 of the revenues of the Modernisation Fund.

The beneficiary Member State has requested funding of EUR 300 000 000 for a subsequent disbursement under the investment proposal, funded from two categories of funds as following:

EUR 150 000 000 - revenues from the auctioning of allowances referred in Article 10(1), the third subparagraph of Directive 2003/87/EC - 2%

and

EUR 150 000 000 - revenues from allowances referred in Article 10(1), the fourth subparagraph of Directive 2003/87/EC – 2.5%.

The beneficiary Member State has indicated an expected Modernisation Fund funding for the large-scale scheme of EUR 800 000 000.

3. Compliance with the conditions for priority investment

- a) The beneficiary Member State has confirmed that there have been no changes to the large-scale scheme.
- b) The beneficiary Member State has sufficient funds available from the auctioning of allowances referred in Article 10(1), the third subparagraph of Directive 2003/87/EC - 2% and from allowances referred in Article 10(1), the fourth subparagraph of Directive 2003/87/EC - 2.5% 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.
- c) The beneficiary Member State has provided evidence that the investment proposal is exempted from the State aid notification in accordance with the applicable State aid rules.
- d) The beneficiary Member State has provided information about the status of implementation of the scheme in accordance with Annex I, point 4.2a 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 and Annex 1 of the Implementing Regulation and has concluded that the proposal meets the conditions specified in Article 6(8) 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 subsequent disbursement proposal “Scheme: Installation of photovoltaic power plants in households of the “RES+” Programme (New renewable energy sources)”, (Modernisation Fund reference number MF 2024-2 CZ 0-011) as a priority proposal.

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, 7th October 2024