

# Article 40 - Investment aid for high-efficiency cogeneration - eligible costs for highly efficient CHP

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1. **Page title:** Please insert the full Article reference (e.g. "Art. 1(4) a)") and a short title (e.g. "Deggendorf principle")
2. **Table:** Fill in **only the green** fields. Please respect the instructions (they are essential to optimise search).
3. **Questions:** Please create 1 question page per question
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<b>Article</b>	Article 40 - Investment aid for high-efficiency cogeneration
<b>Key words</b>	eligible_costs, CHP, cogeneration
<b>Member State</b>	CZ
<b>Question</b>	<p>▼ Question</p> <p><i>Article 38(3), 40(4), 41(6) – Although in ECN-ET there are already several comments from the EC on the issue of defining eligible costs in environmental aid categories, we still perceive some inconsistency. Mainly it is unclear whether the project's investment costs shall be deducted by the costs of hypothetical counterfactual scenario or by the costs of reference investment (as defined in Annex II of EEAG). In large number of cases counterfactual scenario would be no investment (beneficiary would not implement any energy project if there was not an aid measure – typically in case of support of renewable sources), therefore it seems all investment costs shall be considered eligible. However, Annex II of EEAG indicates there is always some reference investment that should be deducted.</i></p>

*Besides Art. 36(5), 38(3) and 41(6) the issue is not clear also in Article 40(6), where the counterfactual scenario is not mentioned at all, therefore it seems the different approach applies and the eligible costs for highly efficient CHP should be made by comparison with reference investment even if in counterfactual scenario the beneficiary would not make any investment.*

*Also we struggle with how the value of reference investment shall be determined? Should each beneficiary submit their own specific calculations of reference investment costs when requiring for aid? Should it be included in energy study or other document? We would welcome an example of best practice for method of determining the eligible costs comparing with reference investment. E.g. what would be the correct method in case of a project of boiler house using renewable energy where existing boiler is at the end of its life-time?*

Creation Date	
COMP Reply	▼ Reply

*Both EEAG and GBER apply the same principle of determining the costs, eligible for investment aid in the case of renewable sources, energy efficiency measures, cogeneration projects and measure for going beyond Union standards. That principle covers two main scenarios:*

*1. Where costs associated with the measure are clearly identifiable as a separate investment – in such cases these costs are the costs eligible for aid.*

*2. Where costs associated with the measure are not clearly identifiable - in such cases the costs eligible for aid should be determined as the difference between the aid investment and a reference/counterfactual scenario.*

*The scenarios to be used as reference/counterfactual scenarios depend on the specific nature of the projects eligible for aid but in general they should be plausible scenarios in the absence of aid. As the specific characteristics of individual projects are not known to the Commission, the choice of reference/counterfactual scenarios is left to the discretion of the Member States.*

	<p><i>A possible counterfactual scenario in the case of a project of a boiler house using renewable energy where existing boiler is at the end of its life-time is the substitution of the existing boiler with a one with the same capacity but which uses a conventional energy source.</i></p> <p><i>Disclaimer: This reply does not represent a formal and definite position of the European Commission but is only an informal guidance provided by the services of DG Competition to facilitate the application of the GBER. It is therefore not binding and cannot create legal certainty or legitimate expectations.</i></p>
<b>COMP Reply date</b>	2016.03.02
<b>COMP Responsible</b>	<input checked="" type="checkbox"/> <a href="#">State Aids Energy ESTATE-AID-WIKI</a>

<sup>1</sup> Article numbers & names

- Article 36 - Investment aid enabling undertakings to go beyond Union standards for environmental protection
- Article 37 - Investment aid for early adaptation to future Union standards
- Article 38 - Investment aid for energy efficiency measures
- Article 39 - Investment aid for energy efficiency projects in buildings
- Article 40 - Investment aid for high-efficiency cogeneration
- Article 41 - Investment aid for the promotion of energy from renewable sources
- Article 42 - Operating aid for the promotion of electricity from renewable sources
- Article 43 - Operating aid for the promotion of energy from renewable sources in small scale installations
- Article 44 - Aid in the form of reductions in environmental taxes under Directive 2003/96/EC
- Article 45 - Investment aid for remediation of contaminated sites
- Article 46 - Investment aid for energy efficient district heating and cooling
- Article 47 - Investment aid for waste recycling and re-utilisation
- Article 48 - Investment aid for energy infrastructure
- Article 49 - Aid for environmental studies

<sup>2</sup> AU, BE, BG, HR, CY, CZ, DK, EE, FI, FR, DE, EL, HU, IE, IT, LV, LT, LU, MT, NL, PL, PT, RO, SK, SI, ES, SE, UK.