**ANNOUNCEMENT OF A CALL FOR PROPOSALS**

**The Minister of Climate as the Operator of the**

**“Environment, Energy and Climate Change” Programme**

**announces a call for proposals for co-financing of projects aimed at**

**“Construction/modernization of municipal heating systems and elimination of individual heat sources”, to be financed from the European Economic Area Financial Mechanism 2014-2021 with an amount of EUR 37,988,705, i.e. PLN 163,955,451.90**[[1]](#footnote-1)**.**

1. **Aim of the Call for Proposals**

The main aim of the Call for Proposals [[2]](#footnote-2), intended to co-finance projects in the programme area: *Renewable Energy, Energy Efficiency, Energy Security* shall be to improve the energy efficiency of municipal heating systems to help them achieve the status of an effective heating systems[[3]](#footnote-3) and to reduce the so-called “low emission” by supporting the process of modernization of heating systems through actions including, but not limited to replacement of heat sources and elimination of individual heat sources.

By the end of the project, an existing heating system must be closer to fulfilling prerequisites for being an effective heating system according to the EU Regulation.

Reducing the so-called “low emission” shall be achieved through supporting the process of modernization of municipal heating systems, including, in cases where it is possible, by replacing current energy sources. The projects shall contribute to the reduction of usage of non-renewable primary energy, the reduction of CO2 emissions and the reduction of pollution emissions into the atmosphere and to the increase of social awareness concerning energy efficiency.

In order to be able to implement a heating system modernization, the new or renewed energy production units shall be fuelled by renewable energy sources and/or natural gas and lead to reducing the use of solid fossil fuels.

Priority will be given to projects that result in the largest reductions of CO2 emissions while maintaining the highest energy efficiency and cost efficiency, as well as the ones that result in the increase of social awareness concerning energy efficiency.

1. **Type of projects**

To be eligible for co-financing, the purpose of the project shall be to modernize and/or construct heat sources as part of the municipal heating system, in particular to:

* develop the production of combined heat, electricity and cooling sources
* change of energy conversion technology and use of fuels;
* implement intelligent weather control system appliances;
* implement local renewable energy sources;
* replace fossil fuels with renewable fuels.

Moreover, projects which include additional efforts[[4]](#footnote-4), such as connecting public utility buildings and residential buildings to the municipal heating system, with the purpose of elimination of individual and communal low emission sources, are also eligible for co-financing.

Applications submitted for the “Construction/modernization of municipal heating systems and elimination of individual heat sources” call for proposals cannot be submitted for the “Development of high-efficiency industrial and professional cogeneration” call for proposals.

The projects selected within the scope of this call will contribute to achieving the Programme’s Outcome 3: “ Improved energy efficiency in buildings, industry and municipalities” and Output 3.3 “ Municipal (district heating) infrastructure supported” which indicators and targets are listed on the table below, in accordance with Annex I to the Programme Agreement, signed in Warsaw on 7th February 2020.

| **Programme Area** | **Outcome/**  **Output** | **Expected programme results** | **Indicator** | **Unit of measurement** | **Baseline values** | **Target value** |
| --- | --- | --- | --- | --- | --- | --- |
| PA12 | Outcome 3 | Improved energy efficiency in buildings, industry and municipalities | Estimated annual CO2-emissions reductions (in tonnes/year) | tonnes/year | 0 | 593 200[[5]](#footnote-5) |
| Estimated energy production from renewable sources (in MWh/year | (MWh/year) | 0 | 25 144 |
| Estimated primary energy savings (MWh/year) | (MWh/year) | 0 | 676 908 |
| Number of people benefitting from increased energy efficiency | Number | 0 | 12 160 |
| Output 3.3 | Municipal (district heating) infrastructure supported | Number of municipalities with improved infrastructure | Number | 0 | 16 |
| Number of energy efficiency measures implemented for heating system infrastructure | Number | 0 | 16 |
| Number of awareness raising campaigns carried out | Number | 0 | 16 |

1. **Eligible applicants**

The following entities are eligible applicants and may apply for grants as part of the Call for Proposals:

* SMEs and large enterprises, local government units as well as their unions.

1. **Donor partnership projects**

In accordance with art. 7.2.2 of the Regulation, any public or private entity, commercial or non-commercial, as well as non-governmental organizations established as a legal person either in the Donor States, Beneficiary States[[6]](#footnote-6) or a country outside the European Economic Area that has a common border with Poland, or any international organization or body of agency thereof, actively involved in, effectively contributing to, the implementation of a project, are considered eligible project partners.

Projects submitted in partnership with an entity from the Donor States (Norway, Iceland, Liechtenstein) will receive additional points in accordance with the merit criteria.

In the case of a donor partnership project submitted in a partnership with an entity from the Donor States, the provision of a letter of intent, a partnership agreement or other evidence to confirm the cooperation with the Project Partner from the Donor States shall be required at the stage of the submission of an application for a grant. Prior to the conclusion of a project agreement on the implementation of a project submitted in partnership with a partner from the Donor States, the submission of a signed partnership agreement in the English language and its translation into the Polish language shall be required.

In order to support the process of establishing partnerships with partners from the Donor States, the Programme Operator encourages applicants to consult the information provided on [the EEA Grants website](https://eeagrants.org/partnership-opportunities) and in the Partnership Guide, which is an attachment to the present Announcement.

1. **Amount allocated to the Call for Proposals**

EUR 37,988,705 i.e. PLN 163,955,451.90[[7]](#footnote-7)

1. **Grant rate**

The grant rate of the requested co-financing shall be up to 45% of eligible expenditures.

1. **Minimum grant amount**

EUR 1,000,000, i.e. PLN 4,315,900. [[8]](#footnote-8)

1. **Maximum grant amount**

EUR 7,000,000 i.e. PLN 30,211,300.[[9]](#footnote-9)

1. **Period of eligibility of expenditures in projects**

The period of eligibility of expenditures in projects shall start on the day that the Programme Operator (the Ministry of Climate) decides to award the project grant.

The period of eligibility of expenditures in projects shall expire on 30 April 2024.

1. **Evaluation and selection process**

The Applicant shall fill in an application for the award of a grant and, subsequently, submit it to the National Fund for Environmental Protection and Water Management (hereinafter the National Fund) in the manner described in Section 13 of the Announcement of the Call for Proposals.

The evaluation of a project shall consist of an administrative evaluation (based on administrative and eligibility criteria) as well as a merit evaluation comprised of stage one and stage two (based on merit criteria).

An administrative evaluation of projects shall consist in verifying a project to determine whether it meets or fails to meet the administrative and eligibility criteria (the so-called yes-no evaluation).

The administrative evaluation lasts up to 4 weeks counted from the date of submission of the application, excluding the time needed for appeal procedure.

If even one administrative/eligibility criterion is not met, the Applicant shall be invited to correct or improve it or to provide an explanation. Failure to submit an application within the period specified in the announcement, cannot be improved / supplemented and thus results in application’s rejection.

The Applicants whose applications will be rated negatively or left without consideration at this stage shall be informed in writing of the reasons for negative evaluation or leaving without consideration and be able to appeal the decision to the National Focal Point via the Programme Operator.

A merit evaluation shall consist of two stages:

* Stage one of the evaluation: covering compliance with the applicable rules for the award of state aid, the principles of equal opportunity and non-discrimination, an assessment of the financial condition of the Applicant and an assessment of the eligibility of the project. This shall be a yes or no evaluation.

The Applicants whose applications are rejected at this stage shall be informed in writing of the reasons for rejection.

There is no possibility to appeal at this stage.

* Stage two of the evaluation: consisting in points-based scoring of a project by at least two external and independent experts designated by the National Fund which shall be selected in a competition procedure. The experts shall evaluate a project separately in accordance with the stage two merit criteria as published in the Announcement of the Call for Proposals.

The merit evaluation (stage I and stage II) lasts up to 12 weeks counted from the day of the notification about positive results of the formal evaluation, excluding the time needed for appeal procedure.

The Applicants who do not accept the score which they are given shall be able to appeal it to the Programme Operator.

At each stage of the merit evaluation, the Applicant may be asked once and in writing for clarifications on the application submitted.

The National Fund shall draw up a draft ranking list of positively evaluated projects, taking into account the results of assessments delivered by external experts. Applications shall be ranked in order of decreasing scores. The ranking of projects shall be based on the average of the scores given by experts. In case of a discrepancy between the experts’ scores exceeding 30% of the higher score, the National Fund shall commission an independent evaluation of the application to a third external expert. In such cases, for the purpose of preparing the ranking list of projects, the average of the numbers of points in the two closest scores shall be used.

The Applicants whose applications are rejected after stage two of the merit evaluation shall be informed in writing of the reasons for rejection and their right to appeal the decision to the Programme Operator.

A draft ranking list shall be submitted for review at a session of the Selection Committee. In justified cases, the Selection Committee may modify the ranking list. The Chairperson shall submit a list of recommended projects with justification for modifications to the Programme Operator, along with a reserve list and a list of rejected projects, as well as the reasons for their rejection.

The final decision on the award of a grant shall be taken by the Programme Operator.

1. **Payment scheme**

Each Project Promoter may receive payments to the project in the form of:

* advance payments

The amount of a single advance payment may not exceed 40% of the total grant amount. The first advance payment shall be made to the Project Promoter within 30 days of the date of submission of the request for an advance payment[[10]](#footnote-10).

Subsequent advance payments shall be made on the condition that 70% of all the previously made advance payments is settled in payment requests or returned as an unused advance payment.

Detailed obligations and restrictions for the use and settlement of advance payments are specified in the Guide for Applicants which is an attachment to the present Announcement.

* reimbursement

Payments to the Project Promoter shall be made on the basis of approved payment requests.

The total amount of advance payments and reimbursements may not exceed 90% of the total grant amount.

* final payment.

The final payment representing 10% of the total project grant amount shall be made after the final project report is approved.

1. **Eligible expenditures, excluded costs, in-kind contribution, expenditure documentation**

**12.1 Expenditures are eligible** in accordance with the general rules laid in Article 8 of the Regulation on the implementation of the EEA Grants 2014-2021, with the following exceptions:

**Direct expenditures:**

* Equipment:

The purchase of used equipment shall not be eligible.

The rules for the settlement of expenditures shall be laid down by the Programme Operator in the project contract.

**Indirect costs:**

Indirect costs shall be all eligible costs which cannot be identified by the Project Promoter and/or the Project Partner as directly attributable to the project.

The only allowable method for identifying indirect costs shall be a flat rate of up to 25% of total direct eligible costs, excluding the direct eligible costs of subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter or Project Partner, in accordance with Article 8.5(1)(b) of the Regulation.

The detailed method for calculating indirect costs has been developed by the Programme Operator and can be downloaded below.

The method for calculating the indirect costs and their maximum amount shall be determined in the project contract. The method for calculating the indirect costs of a Project Partner shall be stipulated in the partnership agreement between the Project Promoter and the Project Partner.

**12.2 Excluded costs are specified in Article 8.7 of the Regulation.**

**12.3 Own contribution:**

In principle, the own contribution shall be made in cash.

In order to secure some or all of the own contribution, the beneficiary may use financial instruments in the form of funds made available under the National Fund loan programme. Detailed information about the loans programme is available on the website of the National Fund.

**12.4 Cost documentation**

The costs incurred under the project should be documented with the help of received invoices or accounting documents of equivalent probative value. The specific obligations of the beneficiary in this respect are specified in the project agreement.

In the case of donor partnership projects, the Project Partner whose primary location is in one of the Donor States may provide proof of expenditures incurred in the form of a report of an independent auditor or a competent and independent public officer, certifying that the claimed costs have been incurred in accordance with the Regulation, the relevant law and national accounting practice.

1. **Date and manner of the submission of grant applications**

The date of the notice of the call for proposal – 13.03.2020

The opening date for receiving applications from Applicants – 03.04.2020

The closing date for receiving applications from Applicants – 30.06.2020 **at 3 p.m.**

**The manner of submitting applications**

A grant application shall be prepared using only the Grant Application Generator (GAG). The detailed rules for the submission of a grant application using the GAG are laid down in the Competition Rules which are an attachment to the present Announcement.

Grant applications, along with attachments, shall be submitted to the National Fund in electronic form via the GAG available on [the National Fund website](http://nfosigw.gov.pl/oferta-finansowania/srodki-norweskie/generator-wnioskow-o-dofinansowanie/).[[11]](#footnote-11) The grant application form is available along with instructions for filling in the application at the following address: https://gwd.nfosigw.gov.pl.

Two options for signing an electronic application shall be allowed:

* 1. using a certified electronic signature which produces legal effects equivalent to those of a handwritten signature;
  2. using a trusted profile on the Electronic Platform for Public Administration Services (ePUAP).

**Application submission date**

The prepared applications shall be submitted in electronic form using the GAG.

The date of submission of the application is the date and time of receipt of the application at the inbox of the National Fund on the ePUAP Platform, confirmation of which is the Applicant's receipt of an electronic confirmation of submission of the application (e-mail containing the date and time of receipt of the application on the National Fund inbox).

Applications submitted after the deadline shall not be considered.

The Programme Operator shall allow one Applicant to submit more than one application under the same call but in different project scope. If two applications are submitted for the same material scope, the application previously submitted will be assessed. The Program Operator does not allow the possibility of self-correction of the application submitted.

1. [**Legal framework and programme documents**](https://www.eog.gov.pl/en/site/learn-more-about-the-grants/legal-documents/#/domyslne=1)

* [Programme Agreement for the EEA Grants](https://eeagrants.org/resources/poland-climate-2014-2021-programme-agreement) Programme for “Environment, Energy and Climate Change” in Poland;
* [Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021](https://www.eog.gov.pl/media/69169/MoU_EOG_20142021.pdf) between Iceland, the Principality of Lichtenstein, the Kingdom of Norway and the Republic of Poland on 20.12.2017;
* [Regulation on the implementation of the European Economic Area Financial Mechanism 2014-2021](https://eeagrants.org/resources?title=&field_resource_type_target_id=197);
* [Procurement Guidelines for the EEA Grants 2014-2021 and the Norway Grants 2014-2021](https://www.eog.gov.pl/media/71162/Wytyczne_KPK_w_zakresie_zamowien_publicznych_podpisane_2019_03_06.pdf);
* [Guidelines on the Information and Visual Identification for the EEA Grants 2014–2021and the Norway Grants 2014–2021](https://www.eog.gov.pl/media/69203/EEA_Communication_Design_Manual.pdf);
* [Guidelines on Appeals](https://www.eog.gov.pl/media/71161/Wytyczne_KPK_w_zakresie_procedury_wyboru_projektow_konkursowych_2019_03_06.pdf) and any other guidelines governing fulfilling tasks connected with EEA Financial Mechanism 2014-2021 implementation adopted by the FMC or NFP published at [www.eog.gov.pl](http://www.eog.gov.pl) website

**15. List of attachments to the call announcement**

* Competition Rules;
* Administrative and eligibility criteria; merit criteria;
* Checklist’s template;
* Partnership Guide;
* Methodology for calculating indirect costs;
* Project agreement template (will be published later);
* Guide for Applicants.

**16. List of attachments required for a grant application**

The following attachments shall be enclosed with a grant application:

1. Feasibility Study for a project applying for the EEA Grants 2014–2021 and the Norway Grants with active financing model based on the requirements posed by the Manual for Creating a Feasibility Study for a project applying for the EEA Grants 2014–2021 and the Norway Grants;
2. Technical and ecological appendix;
3. Methodology for calculating CO2 emissions reduction;
4. Administrative permits and decisions, which allow the project to be implemented, or a schedule for their obtaining;
5. Approval of the owner, manager or perpetual usufructuary of the grounds, on which the project is supposed to be implemented, in cases where the Applicant is not the owner, manager or perpetual usufructuary of said ground (where applicable);
6. Documents confirming a project partnership – a letter of intent with an entity from the Donor States, a partnership agreement with an entity from the Donor States or other proof of cooperation between partners (where applicable);
7. Calculation of indirect costs, based on the methodology for the calculation of indirect costs (where applicable);
8. ISO 50001 or EMAS certificate or another certificate confirming implementation of an energy management system;
9. Documents confirming the legal form of the Applicant, compliant with the Applicant Map;
10. Documents confirming authorisation of the Applicant’s representatives;
11. Financial documentation, based on the legal form of the Applicant and the form of their financial reporting;
12. Documents confirming the balance of sources of funding for the project (based on the legal form of the Applicant and the financing source, the Applicant shall present documentation confirming full balance of the sources of funding)
13. Attachments adequate for info-promo activities in accordance with appendix 3 to the Regulation on the implementation of the EEA Grants 2014–2021 and the Norway Grants 2014-202, such as: communication Plan of the project, website of the project – graphic concept and navigation chart, schedule of trainings, workshops, conferences, events and festivals, along with their planned duration and range of topics (where applicable);
14. Attachments adequate for rising awareness on activities focused on energy efficiency, such as: outlines of planned trainings, workshops, seminars, conferences, events, festivals along with their duration and thematic scope, campaigns, publications, brochures, etc. (including technical parameters) (where applicable), screenplay summary for a TV/radio programme, etc. (including technical parameters and estimated expenditures for one episode) (where applicable),
15. Other documents, submission of which by the Applicant is deemed necessary.

**In accordance with Article 7.3 of the Regulation on the implementation of the EEA Financial Mechanism 2014-2021, the grant application should include information regarding all consultants involved in the preparation of the application.**

**17. Language of an application grant**

**Grant applications**, along with attachments, shall be submitted in the Polish language. In addition, the following shall be submitted in the English language:

* a letter of intent, a partnership agreement or other proof of cooperation between partners (in the case of partnership projects with foreign entities, particularly, those from the Donor States);
* a brief summary description of the project, along with the justification of the need to implement the project and the roles of partners (included in a grant application - in the Summary tab).

**18. Contact with the Programme Operator**

Any queries about the Call for Proposals shall be sent to the following e-mail address:

**National Fund for Environmental Protection and Water Management**

e-mail: [mfeog\_klimat@nfosigw.gov.pl](mailto:mfeog_klimat@nfosigw.gov.pl)

**Ministry of Climate**

e-mail: [mfeog@klimat.gov.pl](mailto:mfeog@klimat.gov.pl)

Questions shall be answered as soon as possible, but at the latest within 7 working days.

**Reporting irregularities:**

Citizens who have had suspicions of maladministration and corruption in relation to the Financial Mechanisms may report them to the Financial Mechanism Office, the National Focal Point and other relevant institutions listed on [the EEA Grants website.](https://www.eog.gov.pl/strony/zapoznaj-sie-z-funduszami/zasady-zglaszania-nieprawidlowosci/)

1. The amount of the allocation of the Call for Proposals given in EUR and subsequently recalculated into the national currency and expressed in PLN, using an average monthly currency exchange rate as published in the Official Journal of the European Union (the C series), calculated for the last six months preceding the month when the call is announced, where EUR 1= PLN 4, 3159). Grant amount in PLN is indicative. The grant shall be awarded in EUR, but the funds shall be paid in PLN, based on the European Commission’s monthly accounting exchange rate of the Euro (EUR/PLN) for the month in which the payment of the funds will be made. [↑](#footnote-ref-1)
2. In line with the [Programme Agreement for the EEA Grants](https://eeagrants.org/resources/poland-climate-2014-2021-programme-agreement) Programme for “Environment, Energy and Climate Change” in Poland [↑](#footnote-ref-2)
3. The definition of *effective heating systems* is provided in the Guide for Applicants [↑](#footnote-ref-3)
4. Types of actions that can be carried out under projects are provided in the Guide for Applicants [↑](#footnote-ref-4)
5. Estimated CO2 emissions savings based on emissions factors of existing sources to be replaced/modernised of approx.: 1 tCO2/MWh for district heating (output 3.3) [↑](#footnote-ref-5)
6. Beneficiary States: Poland, Lithuania, Latvia, Estonia, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Greece, Malta, Cyprus, Croatia, Slovenia, Portugal. [↑](#footnote-ref-6)
7. Amount in PLN is indicative. The grant shall be awarded in EUR, but the funds shall be paid in PLN, based on the European Commission’s monthly accounting exchange rate of the Euro (EUR/PLN) for the month in which the payment of the funds will be made. [↑](#footnote-ref-7)
8. As above [↑](#footnote-ref-8)
9. As above [↑](#footnote-ref-9)
10. In case of this call the interim payments in pre financing instalments are also considered advance payments. [↑](#footnote-ref-10)
11. Preparing the application in the GAG will be possible from the opening date for receiving applications. [↑](#footnote-ref-11)