

Announcement of the Call for Proposals

**The Minister of Climate and Environment,
as the Operator of the “Environment, Energy and Climate Change”
Programme announces a call for proposals for application submitted under
the “Construction of an installation for the production of fuel from wood
and agro biomass in the form of pellets” call, financed from
the European Economic Area Financial Mechanism 2014-2021
in an amount of EUR 2,534, 584, i.e. PLN 11 315 143,35¹**

The call is open only to applicants admitted to the 2nd stage of the competition that are invited to submit a grant application after the 1st stage.

1. Aim of the call for proposals

The main objective of the call for proposals, intended to co-finance projects in the programme area “Renewable energy, energy efficiency, energy security” is to improve energy security and to reduce energy poverty in municipalities. This objective is expected to be achieved by using local biomass to produce a fuel intended for energy poor households² and replacing the social assistance offered to these households in the form of a coal fuel by a fuel in the form of pellets which will be produced out of locally available agricultural and forestry biomass.

Priority shall be given to **pilot and innovative projects**³, implemented in municipalities with a high rate of energy poverty and having a high local potential understood as an access to an energy raw material in the form of agricultural and forestry biomass, enabling continued fuel supply.

The implementation of projects shall contribute to the greatest possible reduction of CO₂ emissions, while, at the same time, achieving the highest energy efficiency and cost-effectiveness indicators.

The conditions for the implementation of a project shall include:

- the replacement of individual heat sources on the residents’ premises using a fuel in the form of pellets by facilities designed for its combustion, holding a certificate of at least of emissivity class 5 – an action implemented outside of the project;

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 for project concept notes is announced, where EUR 1= PLN 4.4643. The 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.

² Households using social assistance in the form of free of charge fuel supplies or in the form of subsidies to fuel purchases.

³ The definition of an innovative project with its scope including pellet production from agricultural and forestry biomass is given in “The Guide for Applicants”.

- the free of charge transfer of the fuel produced in the form of pellets to energy poor households.

2. Type of projects

Projects eligible for co-financing shall include those that consist in the launch of pellet production, including (among others):

- the purchase of an installation producing a fuel in the form of pellets from local agricultural and forestry biomass;
- the purchase of equipment necessary for the pre-treatment/preparation of agricultural and forestry biomass for pellet production;
- the construction of premises intended for storing and drying of the raw material for pellet production;
- the construction of premises intended for storing of pellets;
- the construction of premises intended for roofing of the installation and securing of the production.

The eligible costs may include costs constituting the expenditures necessary for the launch of pellet production, including the necessary infrastructure. The construction or modernisation of energy sources powering the installation for pellet production are excluded from co-financing.

It is recommended that the scope of a project should include education and training activities regarding air and climate protection, particularly, those concerning pollutants generated by individual energy sources, implemented complementarily to investment actions.

In addition, the scope of a project may also include the purchase and installation of lighting used to illuminate the pellet production sites powered by renewable energy sources.

As part of the call for proposals, there are two options for applicant to submit the application.

The option shall be selected by the applicant at the stage of submitting a project concept note in the Grant Application Generator(GAG).

- Option 1 – a project in the case of which during the exploitation phase the whole quantity of the fuel produced in the form of pellets is planned to be transferred free of charge to energy poor households, while the possibly arising surplus may not exceed 20% of the production and may only be used for the implementation of the own tasks of a territorial government unit which are not related to any commercial activity.⁴ A grant to such projects shall not constitute state aid and may, therefore, reach the maximum grant rate - 80% of eligible costs.

⁴ The subject matter of the project may not be a commercial activity involving sales of a fuel in the form of pellets by a territorial self-government unit or a company associated with a territorial self-government unit.

- Option 2 – a project in the case of which during the exploitation phase at least 50% of the fuel produced in the form of pellets is transferred free of charge to energy poor households, while the remaining part of the produced pellets may be used for a commercial activity. Co-financing of such projects shall constitute state aid and, in consequence, be awarded a lower grant rate as allowed by the regulations on regional state aid (for more information see the Guide for Applicants).

An option is selected by the applicant at the stage of submitting a project concept notes. A grant application form shall be automatically adjusted depending on the selection made.

Projects selected as part of the call for proposals shall contribute to achieving the Outcome 3 of the Programme: “Improved energy efficiency in buildings, industry and municipalities” and Output: “Increased production of renewable energy from biomass”, the indicators and target values for which are listed in the table below, in accordance with Annex I to [the Programme Agreement](#) signed in Warsaw on 7 February 2020.

Programme Area	Result/ Outcome	Expected results of the Programme	Indicator	Unit of measurement	Baseline value	Target value
12	Outcome 3	Improved energy efficiency in buildings, industry and municipalities	Estimated annual CO2-emissions reductions	tonne/year	0	593,200
			Estimated energy production from renewable sources	(MWh/year)	0	25,144
			Estimated primary energy savings	(MWh/year)	0	676,908
			Number of people benefiting from increased energy efficiency	Number	0	12,160
	Output 3.4	Increased production of renewable energy from biomass	Number of pilot installations for fuel (pellets) production from biomass	Number	0	12
			Number of awareness raising campaigns carried out	Number	0	12

3. Eligible applicants

In accordance with the provisions of Article 7.2.1 of the Regulation on the implementation of the European Economic Area Financial Mechanism 2014-2021 and the Programme Agreement, the following entities may apply for co-financing:

- local government units and their unions;

- municipal companies⁵.

In the case where a municipal company is the applicant or the entity which implements a project on behalf of a local government unit, separate accounting records must be kept for the activity consisting in pellet production (managing the records of costs and incomes related to pellet production separately from the other costs and incomes of the company) in order to ensure the separation of the activities supported as part of the project and the other activity of the company.

4. Donor Partnership projects

In accordance with Article 7.2.2 of the Regulation on the implementation of the European Economic Area Financial Mechanism 2014-2021, any public or private entity, commercial or non-commercial, as well as non-governmental organisations established as a legal person either in the Donor States, Beneficiary States⁶ or a country outside the European Economic Area (hereinafter referred to as the EEA) that has a common border with Poland, or any international organisation or body or agency thereof, actively involved in, and effectively contributing to, the implementation of the Programme, may be a partner.

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

In the case of a project submitted in a partnership with an entity from the Donor States, at the latest at the stage of submission of a grant application, a letter of intent, a partnership agreement or another proof of cooperation with the project partner from the Donor States shall be presented. Prior to the conclusion of a project agreement on the implementation of a project submitted in a partnership with an entity from the Donor State, 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 entities to read the information provided on the [EEA Grants website](#) and in the Partnership Guide, which is an attachment to this announcement.

At the stage of submitting the grant application, it is possible to:

- Indicate a project partner not included in the project concept note submitted in the 1st stage;
- Change a project partner to another;
- Resign from the partnership described in the project concept note.

⁵**Municipal company** – a commercial-law company (a limited liability company or a joint-stock company), established pursuant to the Act of 20 December 1996 on the Municipal Economy (Official Journal of the Laws of 2019, Item 712, as amended), founded by a territorial self-government unit or in which the bodies of territorial government unit are its shareholders or stockholders, created to implement activities intended to meet the needs of residents and local entrepreneurs, *inter alia*, in the scope of water and wastewater, municipal waste, transport, community housing and heat.

⁶Beneficiary States: Poland, Lithuania, Latvia, Estonia, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Greece, Malta, Cyprus, Croatia, Slovenia and Portugal.

5. The amount allocated to the call for proposals

EUR 2,534, 584, i.e. PLN 11 315 143,35⁷

6. Grant rate

The maximum grant rate which may be requested shall not be more than 80% of eligible expenditures.

7. Minimum grant amount

EUR 200,000, i.e. PLN 892,860 ⁸

8. Maximum grant amount

EUR 1,000,000, i.e. PLN 4,464,300 ⁹

9. 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 and Environment) decides to award the project grant.

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

10. Evaluation and selection process

The call for proposals shall be implemented in two stages.

1st stage – completed

2nd stage

At 2nd stage, the grant applications submitted via the GAG shall be screened, in administrative terms (under 2nd degree administrative and eligibility criteria) and in merit terms (under 2nd and 3rd degree merit criteria).

The evaluation under 2nd degree administrative and eligibility criteria shall last 2 weeks, counting from the end of the call for proposals.

The merit evaluation of applications submitted at stage two shall be a 2-stage process:

- 2nd degree evaluation: carried out by experts of the NFEPWM, it shall cover compliance with the principle of equal opportunities and non-discrimination and assess the financial standing of the applicant and its status in respect of state aid (if applicable). This shall

⁷ The 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.

⁸ As above

⁹ As above

be a yes-no evaluation. The 2nd degree merit evaluation shall last 3 weeks, counting from the end of the 2nd degree administrative evaluation.

- 3rd degree evaluation: it shall involve the scoring of projects by two external and impartial experts who shall be selected in a competition procedure. The experts shall evaluate a project separately, in accordance with the 3rd degree merit criteria published in the announcement of the call for proposals. The 3rd degree merit evaluation shall last 6 weeks, counting from the end of the 2nd degree merit criteria evaluation.

In case of discrepancies between the scores awarded by external experts in the 3rd degree merit evaluation exceeding 30% of the higher score, the NFEPWM shall commission a third external expert to carry out an independent evaluation of the applications. In the case where a third expert is involved in the evaluation process, the average score calculated by using two closest scores shall be taken to prepare a ranking list of projects.

It is not possible to appeal against results of applications evaluation. The draft ranking list shall be submitted to the Programme Operator (the Ministry of Climate and Environment), which having sought opinion of the Selection Committee shall make a decision on awarding grants to selected projects.

11. Payment scheme

Each project promoter may receive payments to the projects in the form of:

- advance payments

The amount of a single advance payment may not exceed 40% of the total project grant amount. The first advance payment shall be transferred to the project promoter within 30 days of the submission of a request for an advance payment¹⁰.

Successive advance payments shall be paid out on the condition that 70% of all the advance payments paid out earlier are settled in payment requests or returned as an unused advance payment.

The detailed obligations and restrictions related to the use and settlement of advance payments are set out in the Guide for Applicants, which is an attachment to the announcement.

- reimbursements

The 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.

- the final payment

The final payment in an amount representing 10% of the total grant amount shall be made after the final project report has been accepted.

¹⁰ Advance payments may be split and disbursed in parts when it is justified by the financial situation of the project promoter or in light of the project budget or progress in its implementation.

12. Eligible expenditures and excluded costs, in-kind contribution, expenditure documentation

12.1 Expenditures shall be 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 expenditure settlement rules shall be set out by the Programme Operator in the Project Contract.

Indirect costs:

Indirect costs shall be all the eligible costs which the project promoter and/or project partner cannot identify precisely as ones directly related to the project.

The only permissible method for identifying indirect costs is a flat-rate of up to 25% of total direct eligible costs, excluding direct eligible costs for 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.

A detailed method for calculating indirect costs has been developed by the Programme Operator and is available under the text of the announcement.

The method for calculating indirect costs and their maximum amount shall be set out in the Project Contract. The method for calculating indirect costs of the project partner shall be set out by the partnership agreement between the project promoter and the project partner.

Bearing in mind the regulations on state aid, indirect costs may be considered eligible only in the case where the applicant selects Option 1, i.e. when the whole quantity of the pellets produced is planned to be transferred free of charge to energy poor households, while the possibly arising surplus may not exceed 20% of the production and may only be used for the implementation of the own tasks of a territorial government unit which are not related to any commercial activity.

12.2 Excluded costs

Excluded costs are indicated in Article 8.7 of the Regulation and in the Guide for Applicants.

12.3 Own contribution:

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

In order to secure a part or the whole of its own contribution, the project promoter may use financial instruments in the form of resources made available as part of the loan programme of the NFEPWM. Information on the loan programme is available on the website of the National Fund.

12.4 Cost documentation:

The costs incurred under the project shall be documented using received invoices or accounting documents of equivalent probative value. The detailed obligations of the Project Promoter in this respect shall be specified in the project contract.

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.

13. Date and manner of submission of grant applications

The date and manner of submission of grant applications:

The date of the announcement of the call for grant applications – 26.07.2021

The opening date for receiving applications from applicants – 9.08.2021

The closing date for receiving applications from applicants – 11.10.2021, until the end of the day.

The manner of submission of grant applications

Grant applications (at Stage II) shall be prepared exclusively using the Grant Application Generator (GAG). The detailed rules for the submission of applications for project grants via the GAG are laid down in the Competition Rules. Grant applications with attachments shall be submitted to the NFEPWM in electronic form via the GAG available on the website of the [NFEPWM](#).

The relevant form, along with instructions for filling in, is available at the address: <https://gwd.nfosigw.gov.pl>

Two options of signing an electronic application shall be allowed:

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

Submission date of a grant application

Application prepared under the call shall be submitted in electronic form via the GAG.

The date of submission of the application shall be the day and hour when it enters the inbox of the NFEPWM located on the ePUAP, confirmation of which is the applicant's receipt of an electronic confirmation of the submission of an application (an e-mail containing the day and hour of their entry into the inbox of the NFEPWM).

Applications which arrive after the deadline shall not be considered.

14. Legal Framework and Programme Documents

- [Programme Agreement for the EEA Grants](#) Programme for “Environment, Energy and Climate Change” in Poland 2014-2021;
- [Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021](#) between Iceland, the Principality of Lichtenstein, the Kingdom of Norway and the Republic of Poland concluded on 20.12.2017;
- [Regulation on the implementation of the European Economic Area Financial Mechanism 2014-2021](#);
- [Procurement Guidelines for the EEA Grants 2014-2021 and the Norway Grants 2014-2021](#);
- [Communication and Design Manual EEA and Norway Grants 2014–2021](#);
- [Guidelines on Appeals](#) and any other guidelines governing the fulfilment of tasks related to the implementation of the EEA Financial Mechanism 2014-2021 adopted by the FMC or NFP and published on the website www.eog.gov.pl

15. List of attachments to the announcement of the call for grant applications

- The competition rules, along with a declaration of impartiality;
- 1st degree administrative and eligibility criteria;
- 1st degree merit criteria;
- 2nd degree administrative and eligibility criteria;
- 2nd degree merit criteria;
- 3rd degree merit criteria;
- Checklist template for the 1st degree administrative evaluation;
- Checklist template for the 1st degree merit evaluation;
- Checklist template for the 2nd degree administrative evaluation;
- Checklist template for the 2nd degree merit evaluation;
- Checklist template for the 3rd degree merit evaluation;
- Partnership Guide;
- Methodology for calculating indirect costs
- Instructions for the performance of a feasibility study for Option 1 and for Option 2 ;
- Guide for Applicants;
- Project Agreement template

16. List of attachments required for a grant application

16.1. Attachments required at the stage of a grant application

At the stage of submission of a grant application (after the 1st degree merit evaluation), the applicants shall be obliged to submit attachments corresponding to the actions planned in the project concept note or those included in the Recommendations presented by the Team. They shall include:

1. Reference to the Recommendations of the experts at the 1st stage of the competition;

2. Documents confirming authorisation of the applicant's representatives, if the representatives have changed;
3. Permits, licences and administrative decisions which allow the project to be implemented under the existing provisions of law or the time schedule for obtaining them (where applicable);
4. Approval of the owner, manager or perpetual usufructuary of the land where the project is supposed to be implemented, in the case where the applicant is not the owner, manager or perpetual usufructuary of said ground (where applicable);
5. Feasibility study with an active financing model prepared in accordance with the requirements set out in the *Instructions for the performance of a feasibility study for a project seeking a grant from the EEA Grants 2014–2021*, balancing the needs – demand – of the energy poor residents with the supply of a raw material in the form of locally available forestry or agricultural biomass and the supply of the product in the form of pellets and demonstrating the provision of the raw material base and logistics for the purposes of launching pellet production;
6. Technical and ecological appendix;
7. Methodology for calculating CO₂ reductions;
8. Location plan (where applicable);
9. Financial documentation, based on the legal form of the applicant and the form of its financial reporting;
10. Documents confirming the balancing of sources of funding for the proposed project (the applicant shall present documentation confirming a full balancing of the sources of funding depending on the legal form of the entity and the financing source);
11. Communication plan prepared in accordance with Annex 3 to the Regulation on the implementation of the European Economic Area Financial Mechanism 2014-2021;
12. Calculation of indirect costs based on the methodology for calculating indirect costs, which is an attachment to the announcement of the call for proposals (where applicable);
13. Documents on planned educational actions, e.g. the agendas and time schedules of training courses, workshops, seminars, conferences, events and festivals, defining their duration and thematic scope etc., outlines of the planned campaigns, publications, brochures (including their technical parameters), the assumptions of the scenarios of TV or radio programmes/films/spots (including their technical parameters and the cost estimates for one episode), the rules of educational competitions;
14. Website/portal/vortal – graphic design and navigation scheme;
15. 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);

16. Statement containing the applicant's commitment to replace in the project implementation period coal-fired boilers in energy poor households with at least fifth-generation boilers designed for combustion of pellets produced as part of the pellet project;
17. Statement confirming current or planned participation in programmes or projects which aim to finance the replacement of coal boilers in energy poor households with boilers adapted for the combustion of pellets;
18. Copies of letters of intent or preliminary agreements confirming the possibility of the purchase of a raw material in the necessary amount, containing an agreed price, based on valid assumptions regarding unit costs and order volumes, and confirming the assumptions regarding the purchase and price presented in the financial model, or a statement (in the case of the applicant's own supplies) which confirm the assumptions presented in the financial model;
19. Copies of letters of intent or preliminary agreements on the sales of pellets confirming the assumptions regarding the sales volume and price presented in the financial model or copies of agreements confirming the possibility of the sales of pellets or a statement on their delivery prior to the conclusion of the grant agreement which confirm the assumptions regarding the sales volume and price presented in the financial model – (in the case of Option 2);
20. List of costs eligible for regional aid and the calculation of the maximum aid amount (in the case of Option 2);
21. Form containing information to be presented when seeking regional aid (in the case of Option 2);
22. Other documents the submission of which the applicant considers necessary.

In accordance with Article 7.3 of the Regulation on the implementation of the European Economic Area Financial Mechanism 2014-2021, a grant application shall contain information on all the consultants involved in its preparation.

Declarations submitted by the applicant at the project concept note stage shall remain valid at the stage of evaluation of a grant application. The applicant shall be obliged to update the information provided within the call for proposals.

17. Language of a grant application

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 project concept note and 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 addresses:

- **National Fund for Environmental Protection and Water Management**
e-mail: mfeog_energia@nfosigw.gov.pl
- **Ministry of Climate and Environment**
e-mail: mfeog@klimat.gov.pl

Questions shall be answered as soon as possible, but at the latest within 10 working days.

The answers to the most frequently asked questions shall be published on the websites of [the National Fund for Environmental Protection and Water Management](#) and [the Ministry of Climate and Environment](#).

Reporting irregularities:

Citizens who suspect misadministration 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 [EEA Grants website](#).