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ANNEX

ANNEX

to the

COMMISSION IMPLEMENTING DECISION

**on the financing of the energy sector under the Connecting Europe Facility and the
adoption of the multiannual work programme for the period 2021-2027**

ANNEX

1. Legal basis

Regulation (EU) 2021/1153 of the European Parliament and of the Council, establishing the Connecting Europe Facility and repealing Regulations (EU) No 1316/2013 and (EU) No 283/2014¹,

Regulation (EU) 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure and repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009², Regulation (EU, EURATOM) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012³, and in particular Article 56 thereof of the Financial Regulation. (hereinafter referred to as ‘the Financial Regulation’),

2. Budget line

The total amount to be allocated on the basis of this multiannual work programmes to projects of common interest in the field of trans-European energy infrastructure and cross-border projects in the field of renewable energy for the period of 2021-2027 is EUR 2 402 627 500. 15% of the total amount for the period of 2021-2027, subject to market uptake, should be allocated to cross-border projects in the field of renewable energy. If the 15% threshold is reached, the European Commission shall increase this amount up to 20%, subject to market uptake. In the absence of sufficient market uptake of cross-border projects in the field of renewable energy, the unused budget envisaged for cross-border projects in the field of renewable energy shall be used to finance projects of common interest in the field of trans-European energy infrastructure and can as of 2024 also be used to co-fund the Union renewable energy financing mechanism.

Budget line: 02 03 02 Connecting Europe Facility (CEF) – Energy

3. Objectives pursued

This multiannual work programme aims to enable projects of common interest to be prepared and implemented within the framework of the trans-European networks (TEN) policy in the energy sector as well as cross-border projects in the field of renewable energy.

In accordance with recital 3 of Regulation (EU) 2021/1153, this multiannual work programme aims at financing actions contributing to achieving the goals and objectives of the Paris Agreement as well as the 2030 climate and energy targets and long-term decarbonisation objective. The European Green Deal has further emphasized the key enabling role of energy infrastructure in the transition to a climate neutral economy, financial assistance provided under this multiannual work programme should therefore maximise its added value towards decarbonisation.

In accordance with recital 29 of Regulation (EU) 2021/1153, this multiannual work programme puts priority on technologies and projects contributing to the transition to a low emission economy.

¹ OJ L 249, of 14.07.2021, p. 383.

² OJ L 115 of 25.4.2013, p.39

³ OJ L 193 of 30.7.2018, p.1

In view of the European Green Deal objectives and the enabling role of energy infrastructure for the transition to climate neutrality, this multiannual work programme shall contribute to the climate neutrality objective under the European Green Deal. CEF 2021-2027 will target a contribution of 60% of its overall financial envelope to co-financing Actions supporting climate objectives. A methodology to track climate expenditures against the targets set has been developed by the Commission and will be applied to all Actions under CEF.

4. Expected results

The European Green Deal has emphasised the key enabling role of energy infrastructure in the transition to a climate neutral economy. Actions supported by calls under this multiannual work programme pursue the goals and objectives of the Green Deal, as well as the Paris Agreement and the 2030 climate and energy targets and long-term decarbonisation objectives, also considering the energy efficiency first principle. The new category of cross border projects in the field of renewable energy in addition contributes specifically to a cost effective target achievement for renewables by 2030 and is an integral element of the enabling framework for cooperation on renewables.

It is expected that the financial assistance contributes to further the development and the implementation of projects of common interest as well as cross-border projects in the field of renewable energy, helping to achieve the broader CEF energy policy objectives of:

- further integration of an efficient and competitive internal energy market,
- interoperability of networks across borders and sectors,
- facilitating decarbonisation of the economy, promoting energy efficiency and ensuring security of supply; and
- cross-border cooperation in the area of energy, including renewable energy.

Climate and biodiversity mainstreaming

In line with the Union's commitments to implement the Paris Agreement and the commitment to the United Nations Sustainable Development Goals, this work programme is expected to contribute to the achievement of 60% of the overall financial envelope of the CEF Programme supporting climate objectives, Actions under this work programme will contribute to climate objectives in line with the coefficients identified under recital 5 of the CEF Regulation and consistently with Annex 1 of the CPR Regulation (EU 2021/1060), where applicable.

In this framework, it is expected that the budget allocated to measures included in this work programme will contribute to the achievement of the climate objectives. In particular, it is considered that the support to electricity transmission, electricity storage, smart grids, and CO₂ transport cross-border infrastructure as well as cross-border renewable energy projects will represent the majority of investments for the period 2021-2023, primarily contributing to climate goals, reducing CO₂ emissions and ensuring sustainability.

As indicated under point 8.5 below, and in line with recital 5 of the CEF Regulation, this work programme also supports activities relating to climate proofing of energy infrastructure.

5. Actions supported under this multiannual work programme

This section defines the Actions supported under this multiannual work programme for the period 2021-2023. An application shall relate to only one of these actions, no mixed proposals will be allowed.

5.1. Actions related to projects of common interest to be prepared and implemented within the framework of the trans-European networks (TEN) policy

CEF Energy will support the implementation of projects of common interest within the framework of the deployment of trans-European networks in the energy sector. In particular, it shall contribute to supporting energy infrastructure projects of common interest that have significant socio-economic benefits and ensure greater solidarity among Member States, but which do not receive adequate financing from the market.

As laid down in Regulation (EU) 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure (TEN-E Regulation), projects of common interest (PCIs) must contribute to at least one of the energy infrastructure priority corridors and thematic areas, feature overall benefits outweighing its costs and meet general and specific criteria in relation to their cross-border impact, market integration, competition, sustainability, security of supply and contribution to the decarbonisation of the energy sector.

In accordance with Article 20(4) of Regulation (EU) 2021/1153, particular consideration shall be given to projects of common interest and related actions aimed at further integrating the internal market for energy, ending energy isolation and eliminating electricity interconnection bottlenecks with emphasis on those projects contributing to the achievement of the interconnection target of at least 10% by 2020 and 15% by 2030 and projects contributing to synchronisation of electricity systems with the EU networks.

According to Regulation (EU) 2021/1153 of the European Parliament and of the Council, establishing the Connecting Europe Facility, financial support may be provided to actions contributing to the implementation of Projects of Common Interest in the form of grants for studies or works.

5.1.1. Studies contributing to the preparation of the implementation of a PCI

Studies in the meaning of CEF-Energy include activities needed to prepare project implementation, such as preparatory, mapping, feasibility, evaluation, testing and validation studies, including in the form of software, and any other technical support measure, including prior action to define and develop a project and decide on its financing, site/route identification and preparation of the financial package. Applications related to studies must comply with the general conditions to apply for CEF-E funding established in the TEN-E Regulation and the CEF Regulation and with the specific conditions laid down in the relevant calls.

The objective of studies is to support and contribute to the implementation of PCIs.

5.1.2. Works contributing to the implementation of a PCI

Works in the meaning of CEF-Energy include the purchase, supply and deployment of components, systems and services including software, the development, construction and installation activities relating to a project, the acceptance of installations and the launching of a project. Applications related to construction works must comply with the conditions to apply for CEF financial assistance as established in the TEN-E Regulation and the CEF Regulation and with the specific conditions laid down in the relevant calls. In particular, specific provisions apply in relation to, inter alia, the existence of significant positive externalities, cross-border cost allocation decision, and commercial non-viability and lack of market finance. Specific co-funding rates may also apply according to the level of demonstrated positive externalities of the action.

5.1.3. Expected impact

It is expected that the financial assistance contributes to further the development and the implementation of projects of common interest, helping to achieve the broader TEN-E energy policy objectives.

5.2. Actions related to cross border projects in the field of renewable energy

With regard to cross-border projects in the field of renewable energy, the eligibility for funding through studies and works as well as for preparatory studies to set up cooperation contributes directly to the enabling framework for cooperation on renewables as called for under Article 3(d) of Directive 2018/2001/EC.

In accordance with Article 7 and Annex Part IV of Regulation (EU) 2021/1153, such projects shall be based on a form of cooperation between Member States or a Member State and a third country as defined in Directive 2018/2001/EC and shall provide cost savings in the deployment of renewables and/or benefits for system integration, security of supply or innovation in comparison to a similar project or renewable energy project implemented by one of the participating Member States alone.

All cross-border projects in the field of renewable energy shall be assessed on the basis of a cost benefit analysis laid out in more detail in the delegated act and guidance document, as referred to in Article 7(2) of Regulation (EU) 2021/1153. The cost benefit analysis covers inter alia cost of energy generation, system integration costs, cost of support, greenhouse gas emissions, security of supply, air and other local pollution, innovation.

5.2.1. Preparatory studies for cross border projects in the field of renewable energy

Preparatory studies in the meaning of Article 7(3) of Regulation (EU) 2021/1153⁴, allow for support to both EU Member States but also private project promoters in order to advance cooperation ideas, create momentum amongst involved stakeholders and with this generate a pipeline of cross-border renewable projects. It allows specifically support prior to a project becoming a cross-border project in the field of renewable energy.

The purpose of support for preparatory studies is to overcome the obstacles that have in the past prevented cooperation projects from going ahead such as uncertainty on the allocation of costs and benefits between involved Member States or the additional complexity of setting up cross border support. A study as per Article 7(3) can be designed as a pre-feasibility study. The funding can also be used to provide technical, economic or legal support in setting up or advancing cross border cooperation with the objective to select also the best project concept. As part of such a preparatory study, it is possible to cover also some wider system-related aspects.

Applications related to preparatory studies must comply with the CEF Regulation and with the specific conditions set out in the relevant calls.

5.2.2. Studies for cross border projects in the field of renewable energy

To be eligible for funding for this type of studies, the project needs to be included in the list of cross-border projects in the field of renewable energy. Project promoters can be legal entities established in a Member State and private project promoters.

At least the choice of the site of a cooperation project has been taken or narrowed down significantly (via desktop studies) when an application is submitted for these studies. They typically cover in-depth investigation and exploration of the risk factors of a project e.g. safety, technical, environmental, regulatory, economic or legal issues to determine whether and how the project should be implemented. A technical study could also be used to set out in

⁴ OJ L 249, of 14.07.2021, p. 38.

detail the operational aspects of a cooperation, such as the precise legal set up of the financing arrangement e.g. the cross-border tender or the regulatory set up of the cooperation project. For more mature projects, technical studies have the objective to move the project through the development stage to a Final Investment Decision (FID) and may include Front End Engineering and Design (FEED) studies, technical design studies, geophysical surveys, seabed surveys, tasks related to territorial planning, environmental assessments and comparable studies as applicable. Activities may also include stakeholder engagement and procurement for the construction phase.

Applications related to studies must comply with the general conditions in the CEF Regulation and the specific ones therein for this project category, the delegated act referred to in Article 7(2) of Regulation (EU) 2021/1153 and with the specific conditions laid down for this in the relevant calls.

5.2.3. Works for cross border projects in the field of renewable energy

Works in the meaning of CEF-Energy include the purchase, supply and deployment of components, systems and services including software, the development, construction and installation activities relating to a project, the acceptance of installations and the launching of a project.

Applications related to construction works must comply with the general conditions established in the CEF Regulation and the specific ones therein for this project category, the delegated act referred to in Article 7(2) of Regulation (EU) 2021/1153 and with the specific conditions laid down for the relevant calls. In particular, specific conditions relate to, inter alia, the existence of significant cost savings and/or benefits in terms of system integration, environmental sustainability, security of supply and innovation and commercial non-viability of the envisaged investments.

Based on the provisions of Article 7 and Annex Part IV of Regulation (EU) 2021/1153 and further specified in the delegated act referred to in Art 7 (2) of the Regulation (EU) 2021/1153, cross-border projects in the field of renewable energy shall promote cross-border cooperation between Member States in the field of planning, development and the cost-effective exploitation of renewable energy sources, as well as facilitate their integration through energy storage facilities and with the aim of contributing to the Union's long term decarbonisation strategy, completing the internal energy market and enhancing the security of supply.

5.2.4. Expected impact

Cross border projects in the field of renewable energy are expected to contribute to a cost effective achievement of renewables target by 2030 in the EU as referred to in Article 3 of Directive 2018/2001/EC and to the strategic uptake of renewables technologies and is an integral element of the enabling framework for cooperation on renewables.

5.3. Technical and administrative assistance

The Commission plans the following activities under technical and administrative assistance in accordance with Articles 4(4) and 6 of Regulation (EU) 2021/1153:

- Support the TEN-TEC, the back-office activities for the Transparency Platform, as well as support the IT systems (e-grants, GIS interface, SEDIA) that will be used for the management of CEF call for proposals, evaluation, and the grant management. Call for tenders and specific contracts under a framework contract or other adequate forms of procurement may be used for these activities.
- Measures necessary for the implementation of the TEN-E guidelines including studies and services required for the TEN-E policy execution including effective

operation of meetings in the framework of policy implementation (including high-level and regional groups). Call for tenders and specific contracts under a framework contract or other adequate forms of procurement may be used these activities.

- Communication activities to raise public awareness about the Union as a whole, its roles, values, political priorities and its work to address current issues in line with inter alia the general objectives of sector specific regulations under 2021-2027 Multiannual Financial Framework and with general objectives referred to in Regulation (EU) 2021/1153. The activities shall be implemented through framework contracts of DG Communication, or where possible, direct awards for low-value contracts.

6. Forms of financial assistance

This multiannual work programme shall provide financial assistance for the conception and implementation of projects of common interest and cross-border projects in the field of renewable energy in the form of:

- grants for studies, works and technical and administrative assistance, as well as
- procurement for technical and administrative assistance, including in the form of call for tender and specific contracts under a framework contract or other adequate forms of procurement

6.1. Co-financing rate for grants

The maximum co-financing rates laid down in the Article 15 of Regulation (EU) 2021/1153 are applicable.

For studies, the amount of Union financial assistance shall not exceed 50% of the total eligible cost.

For works, the following maximum co-financing rates shall apply:

- (a) for works relating to the specific objectives referred to in Article 3(2)(b)(i), the amount of Union financial assistance shall not exceed 50% of the total eligible costs, for works in outermost regions the co-financing rates shall be set to a maximum of 70%;
- (b) The co-financing rates may be increased to a maximum of 75 % for actions contributing to the development of projects of common interest which, based on the evidence referred to in Article 14(2) of Regulation (EU) No 347/2013, provide a high degree of regional or Union-wide security of supply, strengthen the solidarity of the Union or comprise highly innovative solutions.

6.2. Combination of grants with other sources of financing

Pursuant to Article 17 of Regulation 2021/1153,

- Grants may be used for combination with financing from the European Investment Bank or National Promotional Banks or other development and public financial institutions as well as from private-sector finance institutions and private-sector investors, including through Public Private Partnerships.
- The use of grants referred to in the above paragraph may be implemented through dedicated calls for proposals

6.3. Blending of financial instruments with Invest EU

Pursuant to Article 6 of Regulation 2021/1153,

- A financial instrument may be set up and may be used to provision relevant InvestEU financial product(s) implemented with the EIB and/or other implementing partners under the InvestEU programme with the objective to finance works related cross-border projects in the field of renewable energy.
- Further details regarding the underlying financial structure, including the risk-sharing arrangement between the Commission and the implementing partner, the allocation of annual commitment and eligibility rules related to blending operations will be specified in the Guarantee Agreement (or in an amendment to it) signed under InvestEU.

Up to EUR 50 000 000 of the budget for studies and works for cross-border projects in the field of renewable energy may be used in 2023. This would only be applicable, if implemented through a specific call for proposal setting out further details. If the financial instrument is used for implementation, the rules on indirect management will apply. However, if the financial instrument is not used, it will be implemented through grants.

7. Indicative timetable and budget for the calls for proposals 2021-23

Forms of assistance	Indicative timetable and amounts ⁵			Implementation
	2021	2022	2023	
Grants: EUR 2 394 800 000				
Actions related to projects of common interest to be prepared and implemented within the framework of the trans-European networks (TEN) policy				
Studies and works	At least 1 call for proposals Q2	1 call for proposals Q1/2	1 call for proposals Q1/2	
	EUR 785 000 000	EUR 696 000 000	EUR 690 000 000	
Actions related to cross-border cooperation on renewable energy				
Preparatory studies	1 call for proposals Q3	At least 1 call for proposals Q2	At least 1 call for proposals Q2	
	EUR 1 000 000	EUR 1 000 000	EUR 800 000	
Studies and works		At least 1 call for proposals Q3	At least 1 call for proposals Q3	
		EUR 100 000 000	EUR 121 000 000	
Technical and administrative assistance in the form of procurement (maximum amounts): EUR 7 592 500				
IT tools	Q1-Q4	Q1-Q4	Q1-Q4	

⁵ Timing, design, and budget dependent on degree of maturity and needs of eligible projects

(TEN-TEC, e-grants, GIS interface, SEDIA etc.)	EUR 1 250 000	EUR 1 250 000	EUR 1 250 000	DG RTD/ DG DIGIT
Transparency Platform	Q1-Q4	Q1-Q4	Q1-Q4	
	EUR 214 500	EUR 357 500	EUR 357 500	DG ENER
TEN-E policy execution support	Q1-Q4	Q1-Q4	Q1-Q4	
	EUR 500 000	EUR 500 000	EUR 500 000	DG ENER
Communication	Q1-Q4	Q1-Q4	Q1-Q4	
	EUR 471 000	EUR 471 000	EUR 471 000	DG COMM
Other				
Experts evaluating CEF grant proposals			Q1/2	
	EUR 55 000	EUR 90 000	EUR 90 000	DG ENER
TOTAL	EUR 788 490 500	EUR 799 668 500	EUR 814 468 500	

8. Grants

8.1. Eligible applicants

Pursuant to Article 11(2) Regulation (EU) (EU) 2021/1153, the following entities are eligible:

- *Legal entities established in a Member State including joint ventures;*
- *Legal entities established in a third country associated to the CEF; or an overseas country or territory.*
- *Legal entities created under Union law and , international organisations*

Only proposals submitted by one or more Member States or, with the agreement of the Member States concerned, by international organisations, joint undertakings, or public or private undertakings or bodies, including regional or local authorities, are eligible.

A Member State may decide that, for this specific work programme or for specific categories of applications, proposals can be submitted without its agreement. In such case, upon the request of the Member State concerned, this is indicated in the call for such proposals.

Natural persons are not eligible.

In order to ensure the effective implementation of the PCI, the calls for proposals may request that at least one of the applicants shall be the PCI promoter as defined in the TEN-E Regulation or the written support of the PCI promoter shall be provided by the applicant.

Where necessary to achieve the objectives of a given project of common interest or cross border project in the field of renewable energy and where duly motivated, third countries not associated to CEF and entities established in third countries which are not associated to the CEF may participate in actions contributing to the projects of common interest or cross border project in the field of renewable energy. They may not receive funding under this work programme, except where this is indispensable to achieve the objectives of a given project of common interest or cross border project in the field of renewable energy. Cross-border projects in the field of renewable energy developed in cooperation with a third country have to ensure that the renewable energy is consumed in the EU as part Article 11 of Directive 2018/2001/EC.

8.2. Eligible actions

In accordance with Art. 9(3) of Regulation (EU) 2021/1153, only the following action shall be eligible for support through Union financial assistance in the form of grants:

- actions relating to projects of common interest as set out at Article 14 of Regulation (EU) No 347/2013 and
- actions supporting cross-border projects in the field of renewable energy, including innovative solutions, as well as storage of renewable energy, and their conception, as defined in Annex Part IV of Regulation (EU) 2021/1153 and the delegated act on identification criteria and process for cross-border projects in the field of renewable energy, subject to the fulfilment of the conditions laid down in Article 7 of Regulation (EU) 2021/1153 shall be eligible for support through Union financial assistance in the form of grants.

8.2.1. Projects of common interest

Pursuant to Article 14(1) of Regulation (EU) No 347/2013, projects of common interest falling under the categories set out in Annex II.1, 2 and 4 of that Regulation are eligible for Union financial assistance in the form of grants for studies and financial instruments.

Pursuant to Article 14(2) and (3) of Regulation (EU) No 347/2013, projects of common interest falling under the categories set out in Annex II.1(a) to (d) and Annex II.2 of Regulation (EU) No 347/2013, except for hydro-pumped electricity storage projects, are also eligible for Union financial assistance in the form of grants for works if they fulfil all of the following criteria:

- (a) the project specific cost-benefit analysis pursuant to Article 12(3)(a) of Regulation (EU) No 347/2013 provides evidence concerning the existence of significant positive externalities, such as security of supply, solidarity or innovation;
- (b) the project has received a cross-border cost allocation decision pursuant to Article 12 of Regulation (EU) No 347/2013; or, for projects of common interest falling under the category set out in Annex II.1(c) and that therefore do not receive a cross-border cost allocation decision, the project shall aim to provide services across borders, bring technological innovation and ensure the safety of cross-border grid operation;
- (c) the project is commercially not viable according to the business plan and other assessments carried out, notably by possible investors or creditors or the national

regulatory authority. The decision on incentives and its justification referred to in Article 13(2) of Regulation (EU) No 347/2013 shall be taken into account when assessing the project's commercial viability.

Pursuant to Article 14(4) of Regulation (EU) No 347/2013, projects of common interest falling under the categories set out in Annex II.1(e) (smart grids) and in Annex II.4 (carbon dioxide network) of Regulation (EU) No 347/2013 are also eligible for Union financial assistance in the form of grants for works, if the concerned project promoters can clearly demonstrate the significant positive externalities generated by the projects and their lack of commercial viability, according to the business plan and other assessments carried out, notably by possible investors or creditors or, where applicable, a national regulatory authority.

8.2.2. Cross-border Projects in the field of renewable energy

Based on the provisions of Article 7 and Annex Part IV of Regulation (EU) 2021/1153 and further specified in the delegated act or cross border project in the field of renewable energy of Regulation (EU) 2021/1153, cross-border projects in the field of renewable energy shall promote cross-border cooperation between Member States in the field of planning, development and the cost-effective exploitation of renewable energy sources, as well as facilitate their integration through energy storage facilities and with the aim of contributing to the Union's long term decarbonisation strategy, completing the internal energy market and enhancing the security of supply.

In order to qualify as a cross-border project in the field of renewable energy, a project shall meet all of the following general criteria:

- (a) it shall be included in a cooperation agreement between at least two Member States or arrangement between at least one Member State and a third country or countries as set out in Articles 6, 7, 9 or 11 of Directive 2009/28/EC;
- (b) it shall provide cost savings in the deployment of renewables and/or benefits for system integration, security of supply or innovation in comparison to a similar project implemented by one of the participating Member States alone;
- (c) the potential overall benefits of cooperation outweigh its costs, including in the longer term, as assessed on the basis of the cost-benefit analysis.

Once a project qualified as a cross-border project in the field of renewable energy and is included in the list, a project can apply for CEF funding in the form of grants for studies and grants for works. In the case of grants for works, the the provisions of Article 14(5) of Regulation (EU) 2021/1153 apply and cross-border projects in the field of renewable energy shall be eligible for Union funding for works if they meet the following additional criteria:

- (a) the project specific cost-benefit analysis pursuant to point 3 of Annex Part IV of Regulation (EU) 2021/1153 shall be compulsory for all supported projects, shall be performed in a transparent, comprehensive and complete manner and shall provide evidence concerning the existence of significant cost savings and/or benefits in terms of system integration, environmental sustainability, security of supply or innovation (Article 7(4)(a) of Regulation (EU) 2021/1153);
- (b) the applicant demonstrates, that the project would not materialise in the absence of the grant, or that the project cannot be commercially viable in the absence of the grant. This analysis shall take into account any revenues resulting from support schemes (Article 7(4)(b) of Regulation (EU) No 2021/1153);
- (c) the potential benefits of cooperation outweigh its costs, including in the longer term, as assessed on the basis of the cost-benefit analysis as referred to in point 3 of Annex

Part IV of Regulation (EU) 2021/1153 and applying the methodology referred to in Article 7 of Regulation (EU) 2021/1153.

Preparatory studies aiming at the development and identification of cross-border projects in the field of renewable energy as per Article 7(3) of Regulation (EU) 2021/1153 are eligible to allow for projects to be supported prior to having acquired the status as a cross-border project in the field of renewable energy.

8.3. Eligible costs

Pursuant to Article 16 of Regulation (EU) 2021/1153 the following cost-eligibility criteria shall apply, in addition to the criteria set out in Article 186 of the Financial Regulation:

- only expenditure incurred in Member States may be eligible, except where the project of common interest or cross-border projects in the field of renewable energy involves the territory of one or more third countries as referred to in Article 5 or Article 11 (4) of Regulation (EU) 2021/1153 or international waters and where the action is indispensable to the achievement of the objectives of the project concerned;
- the cost of equipment, facilities and infrastructure which is treated as capital expenditure by the beneficiary is eligible up to its entirety;
- expenditure related to the purchase of land shall not be an eligible cost;
- eligible costs shall not include value added tax ('VAT').

Costs related to the management of the Action and related tasks, such as internal meeting for the Action's progress, salaries of staff who implement tasks related to the management of the Action, etc. shall not exceed 10% of total eligible costs per Action and be fully in line with Article 6 on eligible and ineligible costs and contributions of the Model Grant Agreement.

8.4. Synergetic elements

In accordance with Article 10(2) of the Regulation (EU) No 2021/1153, eligible Actions under this work programme may include synergetic (ancillary) elements relating to another sector of the CEF programme, i.e. transport and digital, if these synergetic elements allow to significantly improve the socio-economic, climate or environmental benefits of the Action. Co-funding from the main sector budget may be provided as long as the cost of these synergetic elements does not exceed 20% of the total eligible costs of the Action.

8.5. Climate proofing

Applications for grants for works relating to a project for which an environmental impact assessment must be carried out in compliance with Directive 2011/92/EU⁶ shall include information on the climate proofing of such project, taking into account the Guidance on the Climate Proofing of Infrastructure⁷. Such information may be provided in the form of a summary of the main findings and conclusions, notably as regards mitigation and adaptation measures. In cases, where the environmental impact assessment has not been completed yet, the application shall confirm that climate proofing will be considered as part of the environmental impact assessment, taking into account the Guidance on the Climate Proofing of Infrastructure.

⁶ Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment

⁷ C(2021) 5340 final

Applications relating to a project for which an environmental impact assessment was completed⁸ before 31 December 2021 are not subject to this requirement.

8.6. Selection criteria

8.6.1. Financial capacity

The applicants must have stable and sufficient sources of funding to maintain their activity throughout the period during which the action is being carried out and to participate in its funding.

For applicants participating under this work programme the 'Rules for Legal Entity Validation, LEAR Appointment and Financial Capacity Assessment' apply. (https://ec.europa.eu/info/funding-tenders/opportunities/docs/20212027/common/guidance/rules-lev-lear-fca_en.pdf)

The need to demonstrate the financial capacity does not apply to Member States, third countries, international organisations, public bodies established in the EU and transmission system operators certified following the procedures laid down in Articles 10 or 11 of Directive 2009/72/EC or Articles 10 or 11 of Directive 2009/73/EC and Article 187 of TFEU: joint undertakings established in the Union which qualify as public bodies.

8.6.2. Operational capacity

The applicants must have the operational and technical competencies and capacities required to complete the proposed action for which the grant is awarded and must provide appropriate documents attesting to that capacity (e.g. organisations' activity report, proof of the experience in carrying out infrastructure actions).

The need to demonstrate the operational capacity does not apply to Member States, third countries, international organisations, public bodies established in the EU and transmission system operators certified following the procedures laid down in Articles 10 or 11 of Directive 2009/72/EC or Articles 10 or 11 of Directive 2009/73/EC and Article 187 TFEU. joint undertakings established in the Union which qualify as public bodies.

8.7. Award criteria and scoring

8.7.1. Award criteria

A decision to grant Union financial assistance shall take into account the following general award criteria, based on the provision of the Article 14 of Regulation (EU) 2021/1153, as appropriate:

- (1) **Maturity:** assessing the maturity of the action in the project development. The criterion will measure, among others, the readiness/ability of the project to start by the proposed start date and to be completed by the proposed end date, the status of the contracting procedures and of the necessary permits, and information on the financial availability needed to complement the CEF investment;
- (2) **Quality:** evaluating the soundness of the implementation plan proposed, both from the technical and financial point of view, the architecture and design approach, the organisational structures put in place (or foreseen) for the implementation, the risk analysis, the control procedures and quality management and, when applicable, the communication strategy of the applicant;

⁸ Completion of the following steps of the EIA procedure: an environmental impact assessment report prepared by the project promoter and consultations carried out under the EIA Directive.

- (3) **Impact:** assessing, when applicable, the economic, social and environmental impact, including the climate impact, and other relevant externalities such as security of supply, innovation, and solidarity among Member States involving works. In addition, assessing the need to overcome financial obstacles such as those generated by insufficient commercial viability, high upfront costs or the lack of market finance. This criterion may be substantiated by a Cost Benefit Analysis (CBA). Moreover, when applicable, the criterion will assess, among others, the innovation and digitalisation, safety and interoperability aspects of the proposal, as well as its cross-border dimension.
- (4) **Priority and urgency of the Action:** evaluating correspondence of the proposal with the sectoral policy targets, objectives and priorities, notably its contribution to and alignment with achieving the EU 2030 climate and energy targets in view of reaching the climate neutrality objective by 2050 as set out in the European Green Deal, market integration, measuring its EU added-value and where applicable assessing the possible synergies with other sectors;
- (5) **Catalytic effect of Union assistance:** evaluating the financial gap, the capacity to mobilise differentiated investments sources, the capacity to trigger important overall investments with limited EU support and when appropriate the extent to which externalities justify the CEF financial assistance. It shall assess the catalytic effect of the EU financial assistance and determine whenever possible the actual co-funding rate to be granted.

Each of the five award criteria will also assess the quality of the relevant information provided in the proposal.

As a standard practice, a score is assigned for each of the criterion on a scale from 0 (insufficient) to 5 (excellent).

More detailed information on the evaluation and award procedure will be included in each call for proposals.

In the evaluation process, consideration will be given to the implementation of the internal energy market rules (Directive 2009/72/EC; Directive 2009/73/EC; Regulation (EU) 2019/943; Regulation (EC) No 715/2009) for the Member States involved, and as relevant to the completion of the action.

9. Financial provisions

9.1. No profit principle

For projects generating income, the no-profit principle applies, as defined in Article 192 of the Financial Regulation.

9.2. Compliance with the Union Law

The granting of Union financial assistance to projects of common interest is conditional upon compliance of the project with relevant Union law inter alia concerning interoperability, environmental protection, competition and public procurement.

9.3. Other sources of financing

No Union financial assistance shall be awarded for Actions receiving funds from other sources of Union financing, with exception of the Recovery and Resilience Facility and the InvestEU, and without prejudice to Articles 17 and 19 of Regulation (EU) 2021/1153.

9.4. Eligibility of costs and non-retroactivity principle

A grant may be awarded for an action which has already begun provided that the applicant can demonstrate the need for starting the action prior to signature of the grant agreement. In accordance with Article 193 of the Financial Regulation, costs eligible for financing shall not have been incurred prior to the date of submission of the grant application. No grant may be awarded retroactively for Actions already completed.

10. Prospective framework until 2027

The programme beyond 2023 will be based on the results of the first calls under the multiannual programme 2021-2027 and the state of play of the implementation of the projects. In addition, it will take into account the revision of relevant legislation, in particular the TEN-E Regulation, and new policy developments.

Breakdown of multi-annual instalments⁹

Budget line	Action	2021 commitments	2022 commitments	2023 commitments	2024 commitments	2025 commitments	2026 commitments	2027 commitments	TOTAL
02 03 02	MAWP (Grants) 2021-2027 Actions related to projects of common interest to be prepared and implemented within the framework of the TEN policy	785 000 000	0	0	0	0	0	0	785 000 000
	MAWP (Grants) 2022-2027 Actions related to projects of common interest to be prepared and implemented within the framework of the TEN policy	0	694 000 000	0	0	2 000 000	0	0	696 000 000
	MAWP (Grants) 2023-2027 Actions related to projects of common interest to be prepared and implemented within the framework of the TEN policy	0	0	690 000 000	0	0	0	0	690 000 000
	MAWP (Grants) 2021-2027 Preparatory studies - Actions related to cross-border cooperation on renewable energy	1 000 000	0	0	0	0	0	0	1 000 000
	MAWP (Grants) 2022-2027 Preparatory studies - Actions related to cross-border cooperation on renewable energy	0	1,000,000	0	0	0	0	0	1,000,000
	MAWP (Grants) 2023-2027 Preparatory studies - Actions related to cross-border cooperation on renewable energy	0	0	800 000	0	0	0	0	800 000

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Article 4.5 of CEF Regulation proposal : Budgetary commitments for actions extending over more than one financial year may be broken down into annual instalments, over two or more years

	MAWP (Grants) 2022-2027 Studies and Works - Actions related to cross-border cooperation on renewable energy	0	98 000,000	0	0	2 000 000	0	0	100 000 000
	MAWP (Grants) 2023-2027 Studies and Works - Actions related to cross-border cooperation on renewable energy	0	0	118 300 000	0	0	2 700 000	0	121 000 000
	PSAs (including experts, studies, communication and IT costs)	2 490 500	2 668 500	2 668 500	0	0	0	0	7 827 500
	Total reserved by the CEF Energy Work Programmes	788 490 500	795 668 500	811 768 500	0	4 000 000	2 700 000	0	2 402 627 500
	CEF commitment appropriations (MFF 2021-2027)	783 149 971	795 674 488	811 798 219	828 596 152	845 393 336	862 188 756	879 659 331	5 806 460 252
	Internal assigned revenues	5 935 481	0	0	0	0	0	0	5 935 481
	CEF Total commitment appropriations	789 085 452	795 674 488	811 798 219	828 596 152	845 393 336	862 188 756	879 659 331	5 812 395 733