



Brussels, 1.2.2024
C(2024) 482 final

ANNEX

ANNEX

to the

COMMISSION IMPLEMENTING DECISION

amending the Commission Implementing Decision C(2022)7393 on the financing of the energy sector under the Connecting Europe Facility and on the adoption of the multiannual work programme for the period 2021-2027

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‘ANNEX II

Work programme for 2024-2027 for Connecting Europe Facility

1. Introduction

On the basis of the objectives laid down in 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 (hereinafter the ‘CEF Regulation’), this work programme contains the actions to be financed and the budget breakdown for years 2024-2027 as follows:

for grants (implemented under direct management) (point 2);

for procurement (implemented under direct management) (point 3);

for other actions or expenditure (point 4).

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 283/2014 (hereinafter the ‘CEF Regulation’);

Regulation (EU) 2022/869 of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure, amending Regulations (EC) No 715/2009, (EU) 2019/942 and (EU) 2019/943, and repealing Regulation (EU) No 347/2013 (hereinafter the ‘TEN-E Regulation’);

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 966/2012, and in particular Article 56 thereof (hereinafter the ‘Financial Regulation’).

Budget line

02 03 02 Connecting Europe Facility (CEF) – Energy

The total amount to be allocated on the basis of this multiannual work programme to projects of common interest (PCIs) and, by extension, projects of mutual interest (PMIs) in the field of trans-European energy infrastructure and cross-border projects in the field of renewable energy for the period of 2024-2027 is EUR **3 461 462 925**. 15% of the total amount for the period of 2024-2027, subject to market uptake, should be allocated to cross-border projects in

¹ OJ L 249, 14.07.2021, p. 383.

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.

A transfer of EUR 430 million commitment appropriations between CEF2 Energy and CEF2 Transport has been authorised for the year 2023. This amount of EUR 430 million will be made available again to the CEF2 Energy during the years 2025-2027. The Financial programming will be revised, and it will be reflected under the future amendment of the MAWP.

Objectives pursued

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

TEN-E policy focuses on the timely development and interoperability of the priority corridors and areas of energy infrastructure that contribute to ensuring climate change mitigation, in particular achieving the Union's 2030 targets for energy and climate and its climate neutrality objective by 2050 at the latest, and to ensuring interconnections, energy security, market and system integration and competition that benefits all Member States, as well as affordability of energy prices.

The policy of cooperation on renewable energy focuses on the cost-effective deployment of renewable energy sources, their integration into the energy system and decarbonisation through the development of cross-border projects in the field of renewable energy.

In accordance with recital 3 of the CEF Regulation, 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 emphasised 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 the CEF Regulation, this multiannual work programme puts priority on technologies and projects contributing to the transition to a low emission economy.

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.

Expected results

Actions supported by calls under this multiannual work programme pursue the goals and objectives of the European 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 PCIs and PMIs 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 contribution

In line with the Union's commitments to implement the Paris Agreement, the commitment to the United Nations Sustainable Development Goals and the Kunming-Montreal Global Biodiversity Framework adopted by the fifteenth meeting of the Conference of the Parties (COP 15), 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. For the infrastructure categories newly introduced by the revised TEN-E Regulation and not listed in recital 5 of the CEF Regulation, namely smart gas grids, hydrogen infrastructure and electrolyser facilities, the coefficient for the calculation of support to climate change objectives should be 100%.

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, investments in electricity transmission, electricity storage, smart electricity grids, smart gas grids, hydrogen infrastructure, electrolyzers, and CO₂ transport cross-border infrastructure, as well as cross-border renewable energy projects will contribute to climate goals, reducing CO₂ emissions and ensuring sustainability.

As indicated under point 5.5, and in line with recital 5 of the CEF Regulation, this work programme also supports activities relating to climate proofing of energy infrastructure.

2. Grants

The global budgetary envelope reserved for grants under this work programme is EUR 3,445,970,641.

2.1 Actions related to projects of common interest and projects of mutual interest to be prepared and implemented within the framework of the trans-European networks policy (calls for proposals)

Type of applicants targeted by the call for proposals

PCIs and, by extension, PMIs under Article 18 of the TEN-E Regulation and Article 9(3)(a) of the CEF Regulation

Description of the activities to be funded under the call for proposals

CEF Energy will support the implementation of PCIs and PMIs within the framework of the deployment of trans-European networks in the energy sector. In particular, it shall contribute to supporting energy infrastructure PCIs and PMIs 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 the TEN-E Regulation, PCIs must contribute to at least one of the energy infrastructure priority corridors and thematic areas, feature overall benefits outweighing their costs and meet general and specific criteria in relation notably to their cross-border impact, sustainability, market integration, security of supply, competition and contribution to the decarbonisation of the energy sector.

In accordance with Article 20(4) of the CEF Regulation, particular consideration shall be given to PCIs 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. In addition, the priorities of the revised TEN-E Regulation should also be considered, such as the need to reflect the expected increase in the consumption of biogas, renewable and low-carbon hydrogen and synthetic gaseous fuels (recitals 13 and 15 to 17), as well as the need to stepping up investment in offshore electricity grids with the aim of reaching at least 300 GW of offshore wind generation (recitals 22 and 23).

In accordance with Article 9(3)(a) of the CEF Regulation, financial support may be provided to actions contributing to the implementation of PCIs and, by extension, PMIs in the form of grants for studies or works. An application shall relate to only one of these actions, no mixed proposals will be allowed.

2.1.1 Studies contributing to the preparation of the implementation of a PCI or a PMI

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 Energy 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 or PMIs.

2.1.2 Works contributing to the implementation of a PCI or a PMI

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 the eligible infrastructure items of a given PCI or PMI, 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, a cross-border cost allocation decision, and the project's inability to be financed by the market or through the regulatory framework. Specific co-funding rates may also apply according to the level of demonstrated positive externalities of the action.

2.1.3 Expected impact

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

2.1.4 Eligibility conditions

Pursuant to Article 18(1) of the TEN-E Regulation, projects of common interest falling under the categories set out in Article 24 and Annex II of that Regulation are eligible for Union financial assistance in the form of grants for studies and financial instruments.

Pursuant to Article 18(2) and (3) of the TEN-E Regulation, projects of common interest falling under the categories set out in Article 24 (derogation for gas interconnections in Cyprus and Malta) and in Annex II, point (1)(a), (b), (c), (d) and (f) (electricity projects, except for smart electricity grids) and point (3) (hydrogen 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 drawn up pursuant to Article 16(4), point (a), of the TEN-E Regulation provides evidence concerning the existence of significant positive externalities, such as security of supply, system flexibility, solidarity or innovation;
- (b) the project has received a cross-border cost allocation decision pursuant to Article 16 of the TEN-E Regulation or, as regards projects of common interest falling under the energy infrastructure category set out in point (3) of Annex II (hydrogen projects), where they do not fall under the competence of national regulatory authorities and therefore they do not receive a cross-border cost allocation decision, the project aims to provide services across borders, brings technological innovation and ensures the safety of cross-border grid operation;
- (c) the project cannot be financed by the market or through the regulatory framework in accordance with the business plan and other assessments, in particular those carried out by possible investors, creditors or the national regulatory authority, taking into account any decision on incentives and reasons referred to in Article 17(2) of the TEN-E Regulation when assessing the project's need for Union financial assistance.

Pursuant to Article 18(4) of the TEN-E Regulation, projects of common interest falling under the energy infrastructure categories set out in Annex II, point (1)(e) (smart electricity grids)

and points (2) (smart gas grids) and (5) (carbon dioxide projects), are also eligible for Union financial assistance in the form of grants for works, where the concerned project promoters, in an evaluation carried out by the relevant national authority or, where applicable, the national regulatory authority, can clearly demonstrate significant positive externalities, such as security of supply, system flexibility, solidarity or innovation, generated by the projects and provide clear evidence of their lack of commercial viability, in accordance with the cost-benefit analysis, the business plan and assessments carried out, in particular by possible investors or creditors or, where applicable, a national regulatory authority.

Implementation

European Climate, Infrastructure and Environment Executive Agency (CINEA)

Climate and biodiversity mainstreaming contribution

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, namely:

- 100 % for expenditure relating to electricity transmission, electricity storage, smart grids and CO2 transport;
- 40 % for gas infrastructure, provided that it enables the use of renewable hydrogen or bio-methane to be increased.

For the infrastructure categories newly introduced by the revised TEN-E Regulation and not listed in recital 5 of the CEF Regulation, namely smart gas grids, hydrogen infrastructure and electrolyser facilities, the coefficient for the calculation of support to climate change objectives should be 100%.

Indicative timetable and budget for the calls for proposals 2024-2027

| Forms of assistance | Indicative timetable and amounts ² | | | | Implementation |
|---------------------|--|-------------------------------|-------------------------------|-------------------------------|--------------------|
| | 2024 | 2025 | 2026 | 2027 | |
| | Grants: EUR | | | | |
| | Actions related to projects of common interest and projects of mutual interest to be prepared and implemented within the framework of the trans-European networks for energy policy | | | | |
| Studies and works | 1 call for proposals Q1/Q2 | 1 call for proposals Q1/Q2 | 1 call for proposals Q1/Q2 | 1 call for proposals Q1/Q2 | |
| | 780 000 000 | 700 000 000 | 700 000 000 | 627 398 985 | DG ENER / CINEA |

² Timing, design, and budget are dependent on the degree of maturity and the funding needs of eligible projects.

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

Type of applicants targeted by the call for proposals

Cross-border projects in the field of renewable energy under Articles 7(4) and 9(3)(b) of the CEF Regulation

Description of the activities to be funded under the call for proposals

With regard to cross-border projects in the field of renewable energy, the eligibility for funding through studies and works contributes directly to the enabling framework for cooperation on renewables as called for under Article 3(5)(d) of Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast)³.

Based on the provisions of Article 7 and Annex Part IV of the CEF Regulation and as further specified in Commission Delegated Regulation (EU) 2022/342⁴, 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 accordance with Article 7 and Annex Part IV of the CEF Regulation, for a project to be selected as cross-border project in the field of renewable energy, it shall be based on a form of cooperation between Member States or a Member State and a third country as defined in Directive (EU) 2018/2001 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. These general criteria are developed in detail in Commission Delegated Regulation (EU) 2022/342.

All cross-border projects in the field of renewable energy shall be assessed on the basis of a cost benefit analysis, carried out by the project promoter. The methodology for performing the cost-benefit analysis is laid out in more detail in a dedicated guidance document, as referred to in Article 7(2) of the CEF Regulation. The cost benefit analysis covers the seven indicators listed in Annex Part IV, p. 3 of the CEF Regulation, namely: cost of energy generation, system integration costs, cost of support, greenhouse gas emissions, security of supply, air and other local pollution, innovation.

In accordance with Article 9(3)(b) of the CEF Regulation, financial support may be provided to actions contributing to the implementation cross-border projects in the field of renewable energy in the form of grants for studies or works. An application shall relate to only one of these actions, no mixed proposals will be allowed.

2.2.1 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 (including public authorities) and private project promoters.

³ OJ L 328, 21.12.2018, p. 82.

⁴ OJ L 62, 1.3.2022, p. 1.

The cooperation mechanism which underpins the project should be clarified, the project concept should be elaborated and at least the choice of the site should be taken or narrowed down significantly 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 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, or the allocation of the costs and benefits between the partnering countries. For more mature projects, technical studies may 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, pilot-tests, 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 Commission Delegated Regulation (EU) 2022/342 and with the specific conditions laid down for this in the relevant calls.

2.2.2 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 Commission Delegated Regulation (EU) 2022/342 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 according to Article 7(4) of CEF Regulation.

2.2.3 Expected impact

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

2.2.4 Eligibility conditions

Based on the provisions of Article 7 and Annex Part IV of the CEF Regulation and further specified in Commission Delegated Regulation (EU) 2022/342, 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 8, 9, 11 or 13 of Directive (EU) 2018/2001;
- (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 dedicated list established pursuant to point 4 of Annex Part IV of the CEF Regulation, 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 provisions of Article 14(5) of the CEF Regulation 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 the CEF Regulation 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 the CEF Regulation);
- (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 the CEF Regulation).

Implementation

European Climate, Infrastructure and Environment Executive Agency (CINEA)

Climate and biodiversity mainstreaming contribution – description of how this action contributes to climate and biodiversity mainstreaming in qualitative and quantitative ways

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, namely:

- 100 % for expenditure relating to renewable energy.

Indicative timetable and budget for the calls for proposals 2024-2027

| Forms of assistance | Indicative timetable and amounts ⁵ | | | | Implementation |
|---------------------|--|-------------------------------|----------------------------|----------------------------|--------------------|
| | 2024 | 2025 | 2026 | 2027 | |
| | Grants: EUR | | | | |
| | Actions related to cross-border cooperation on renewable energy | | | | |
| Studies and works | 1 call for proposals Q3/Q4 | 1 call for proposals Q3/Q4 | 1 call for proposals Q3 | 1 call for proposals Q3 | |
| | 100,000,000 | 150,000,000 | 150,000,000 | 150,000,000 | DG ENER / CINEA |

3. Procurement

The global budgetary envelope reserved for procurement contracts in 2024-2027 is EUR 14,892,284.

3.1 Technical and administrative assistance by procurement contracts

General description of the contracts envisaged

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

- Support the TEN-TEC, the back-office activities for the Transparency Platforms, REA validation activities, as well as support the IT systems (under SEDIA corporate initiative) that will be used for the management of CEF calls for proposals, including their publication and evaluation, and the management of grant agreements, and the related GIS interface. 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 Regulation and of cross-border cooperation in the area of renewable energy, including studies and services required for the execution of TEN-E policy and of cross-border renewable cooperation, as well as the organisation of meetings in the framework of policy implementation (notably high-level and regional groups). Call for tenders and specific contracts under a framework contract or other adequate forms of procurement may be used to support 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 the 2021-2027 Multiannual Financial Framework and with the general objectives referred to in the CEF and the TEN-E Regulations. The activities shall be implemented through corporate communication framework contracts, or where possible, very-low-, low- or middle-value contracts.

⁵ Timing, design, and budget are dependent on the degree of maturity and the funding needs of eligible projects.

Implementation

Directorate-General for Energy (DG ENER). Some of the above actions may be co-delegated or sub-delegated to other Commission departments and executive agencies, such as: Directorate-General for Communication (DG COMM); Directorate-General for Digital Services (DG DIGIT); European Climate, Infrastructure and Environment Executive Agency (CINEA).

Climate and biodiversity mainstreaming contribution

Not applicable as actions relate to technical assistance.

4. Other actions or expenditure

The global budgetary envelope reserved for other actions or expenditure in 2024-2027 is EUR 600,000.

4.1 Contracting of experts for evaluations of CEF calls for proposals

General description of the contracts envisaged

The Commission plans the contracting of experts for evaluations of CEF calls for proposals (calls for the award of the status of cross-border projects in the field of renewable energy and calls for the award of CEF grants to PCIs or PMIs and to cross-border projects in the field of renewable energy).

The proposals submitted under the abovementioned calls come from a variety of sectors. By involving external experts in addition to internal evaluators, the Commission ensures that the proposals are evaluated on the basis of broad, relevant and up-to-date technical and financial expertise.

External experts will be tasked with assessing proposals against the relevant award criteria, with drawing up individual assessment reports and with producing common assessment reports after discussion with other experts. These common assessment reports will serve as a basis for the Commission's evaluation.

In the selection of external experts, the Commission will pay particular attention to their specific qualifications for the call in question, ensuring as much as possible a balance of regulatory and sector-specific expertise, administration, academia and business background, geographical and gender balance, as well as the rotation of experts and the avoidance of potential conflicts of interest.

Implementation

European Climate, Infrastructure and Environment Executive Agency (CINEA).

Climate and biodiversity mainstreaming contribution

Not applicable as actions relate to the contracting of experts.

5. Common provisions

5.1 Common provisions applying to grant actions related to PCIs and PMIs (section 2.1) and to cross-border projects in the field of renewable energy (section 2.2)

Co-funding rates for grants

The maximum co-financing rates laid down in the Article 15 of the CEF Regulation 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:

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%;

the co-financing rates may be increased to a maximum of 75% for actions contributing to the development of PCIs (and, by extension, PMIs) which, based on the evidence referred to in Article 18(2) of the TEN-E Regulation, provide a high degree of regional or Union-wide security of supply, strengthen the solidarity of the Union or comprise highly innovative solutions.

Combination of grants with other sources of financing

Pursuant to Article 17 of the CEF Regulation, 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.

5.2 Eligible applicants

Pursuant to Article 11(2) of the CEF Regulation, 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 CEF⁶, 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.

⁶ In May and June 2023, the European Union signed signed CEF association agreements with Moldova and Ukraine respectively.

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

- Where necessary to achieve the objectives of a given PCI, PMI 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 PCI, PMI 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 PCI (and, by extension, PMI) 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 according to Article 11 of Directive (EU) 2018/2001.

• **5.3 Eligible costs**

Pursuant to Article 16 of the CEF Regulation, 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 PCIs, PMIs or cross-border projects in the field of renewable energy involve the territory of one or more third countries as referred to in Article 5 or Article 11(5) of the CEF Regulation 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 meetings for the action's progress, salaries of staff who implement tasks related to the management of the action, etc. shall not exceed 10% of the 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.

5.4 Synergetic elements

In accordance with Article 10(2) of the CEF Regulation, 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.

5.5 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/EU⁷ shall include information on the climate proofing of such project, taking into account the Guidance on the Climate Proofing of Infrastructure⁸. 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.

Applications relating to a project for which an environmental impact assessment was completed⁹ before 31 December 2021 are not subject to this requirement.

5.6 Selection criteria

5.6.1 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.¹⁰

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 52 or 53 of Directive (EU) 2019/944 or Articles 10 or 11 of Directive 2009/73/EC, and joint undertakings established in the Union which qualify as public bodies.

5.6.2 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 52 or 53 of Directive (EU) 2019/944 or Articles 10 or 11 of Directive 2009/73/EC, joint undertakings established in the Union which qualify as public bodies.

5.7 Award criteria and scoring

⁷ 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, OJ L 26, 28.1.2012, p. 1.

⁸ C(2021) 5340 final.

⁹ Completion of the following steps of the Environmental Impact Assessment (EIA) procedure: an environmental impact assessment report prepared by the project promoter and consultations carried out under the EIA Directive.

¹⁰ https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/rules-lev-lear-fca_en.pdf

A decision to grant Union financial assistance shall take into account the following general award criteria, based on the provisions of Article 14 of the CEF Regulation and of Article 19 of the TEN-E Regulation, 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, and the status of the contracting procedures and of the necessary permits.
- (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, and the control procedures and quality management.
- (3) **Impact:** assessing, when applicable, the economic, social and environmental impact, including the climate impact, and for a PCI or PMI proposal, other relevant externalities such as security of supply, system flexibility, 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, as well as the proposal's cross-border dimension.

NB: A PCI or PMI proposal requesting grants for works needs to demonstrate significant positive externalities in line with Article 18, paragraphs (2)(a) and (4), of the TEN-E Regulation in order to reach the minimum pass score of 3. A proposal relating to a cross-border project in the field of renewable energy requesting grants for works needs to demonstrate the additional criteria of Article 7(4) of the CEF Regulation in order to reach the minimum score of 3.

- (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. For PCI or PMI proposals for grants for works, the evaluation of the financial gap should take into account the cross-border cost allocation decision and, if applicable, regulatory incentives.

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 (EU) 2019/944; 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.

Breakdown of multi-annual instalments¹¹

| 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 | 785.794.201 | 215.107.276 | 0 | 36.435.925 | 0 | 0 | 0 | 1.037.337.402 |
| | MAWP (Grants) 2022-2027 Actions related to projects of common interest to be prepared and implemented within the framework of the TEN policy | 0 | 556.353.595 | 0 | 50.000.000 | 0 | 0 | 0 | 606.353.595 |
| | 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 | 747.864.269 | 2.135.731 | 0 | 0 | 0 | 750.000.000 |
| | MAWP (Grants) 2024-2027 Actions related to projects of common interest to be prepared and implemented within the framework of the TEN policy | 0 | 0 | 0 | 687.942.972 | 92.057.028 | 0 | 0 | 780.000.000 |
| | MAWP (Grants) 2025-2027 Actions related to projects of common interest to be prepared and implemented within the framework of the TEN policy | 0 | 0 | 0 | 0 | 597.669.998 | 102.330.002 | 0 | 700.000.000 |
| | MAWP (Grants) 2026-2027 Actions related to projects of common interest to be prepared and implemented within the framework of the TEN policy | 0 | 0 | 0 | 0 | 0 | 603.953.274 | 96.046.726 | 700.000.000 |
| | MAWP (Grants) 2027 Actions related to projects of common interest to be prepared and implemented within the framework of the TEN policy | 0 | 0 | 0 | 0 | 0 | 0 | 627.398.985 | 627.398.985 |
| | MAWP (Grants) 2021-2027 Preparatory studies - Actions related to cross-border cooperation on renewable energy | 498.888 | 0 | 0 | 0 | 0 | 0 | 0 | 498.888 |
| | MAWP (Grants) 2022-2027 Preparatory studies - Actions related to cross-border cooperation on renewable energy | 0 | 252.500 | 0 | 0 | 0 | 0 | 0 | 252.500 |
| | 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 |
| | MAWP (Grants) 2022-2027 Studies and Works - Actions related to cross-border cooperation on renewable energy | 0 | 22.132.473 | 0 | 0 | 0 | 0 | 0 | 22.132.473 |
| | MAWP (Grants) 2023-2027 Studies and Works - Actions related to cross-border cooperation on renewable energy | 0 | 0 | 100.000.000 | 0 | 0 | 0 | 0 | 100.000.000 |
| | MAWP (Grants) 2024-2027 Studies and Works - Actions related to cross-border cooperation on renewable energy | 0 | 0 | 0 | 100.000.000 | 0 | 0 | 0 | 100.000.000 |
| | MAWP (Grants) 2025-2027 Studies and Works - Actions related to cross-border cooperation on renewable energy | 0 | 0 | 0 | 0 | 150.000.000 | 0 | 0 | 150.000.000 |
| | MAWP (Grants) 2026-2027 Studies and Works - Actions related to cross-border cooperation on renewable energy | 0 | 0 | 0 | 0 | 0 | 150.000.000 | 0 | 150.000.000 |
| | MAWP (Grants) 2027 Studies and Works - Actions related to cross-border cooperation on renewable energy | 0 | 0 | 0 | 0 | 0 | 0 | 150.000.000 | 150.000.000 |
| | Technical Assistance (including experts, studies, communication and IT costs) | 1.788.016 | 2.761.288 | 2.708.000 | 3.852.284 | 3.880.000 | 3.880.000 | 3.880.000 | 22.749.588 |
| | Total reserved by the CEF Energy Work Programmes | | 788.081.105 | 796.607.132 | 851.372.269 | 880.366.912 | 843.607.026 | 860.163.276 | 877.325.711 |
| CEF commitment appropriations (MFF 2021-2027) | | 783.149.971 | 792.507.558 | 851.372.269 | 880.366.912 | 843.607.026 | 860.163.276 | 877.325.711 | 5.888.492.723 |
| Internal assigned revenues | | 4.931.434 | 3.831.794 | 0 | 0 | 0 | 0 | 0 | 8.763.228 |
| CEF Total commitment appropriations | | 788.081.405 | 796.339.352 | 851.372.269 | 880.366.912 | 843.607.026 | 860.163.276 | 877.325.711 | 5.897.255.951 |

¹¹ Article 4(5) of the CEF Regulation: Budgetary commitments for actions extending over more than one financial year may be broken down into annual instalments, over two or more years