

EEA Grants Financial Mechanism 2014-2021

Energy Programme in Romania

Call for Project Proposals:

Call 2.1: 'Increased capacity to deliver renewable energy' – Geothermal

Focus area: Renewable Energy

May 2021

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Call for Project Proposals – Call 2.1: ‘Increased capacity to deliver renewable energy’ – Geothermal

The “Energy Programme in Romania” (hereafter referred to as “the Programme”) shall contribute to the general objectives of EEA and Norway Grants 2014-2021, respectively to the reduction of economic and social disparities in the European Economic Area (EEA) and to strengthening bilateral relations between EEA EFTA States and EEA and Norway Grants Beneficiary States. The Programme’s objective is “*Less carbon intensive energy and increased security of supply*”. The Programme seeks to stimulate and develop long-term cooperation between Iceland, Liechtenstein, Norway (hereafter referred to as “the Donor States”) and Romania (Beneficiary State).

The Memorandum of Understanding on the implementation of EEA Grants 2014-2021, between the Kingdom of Norway and Romania, designates the Financial Mechanisms Office (FMO) as Programme Operator and Innovation Norway as Fund Operator for the Programme. All communication regarding the Programme shall be addressed to the Fund Operator. Information about the Programme can be found at <https://www.innovasjon Norge.no/RoEnergy>.

Available amount for financing of projects

Scheme	Available amount	Financial mechanism
Call for Proposals: Call 2.1: ‘Increased capacity to deliver renewable energy’ – Geothermal	3.251.000 EUR	EEA Grants

Deadline for applications and language

To be eligible, applications must be submitted to Innovation Norway through the electronic application portal no later than **Thursday, 30 September 2021, 14:00 Romanian time**. For more details on how to apply, see *Call section 5 Procedure for submission of application*.

The Programme language is English, i.e., all applications and supporting documents, shall be submitted to Innovation Norway in English. Official certificates and certified annual accounts can be submitted in Romanian language. For the list of mandatory attachments, see Annex I.

The Applicant shall inform Innovation Norway about any involvement of consultants in the process of preparing the application. The identity of the consultant(s) shall be disclosed in the Application Form, *section “Project information”*.

1 Projects and project funding

This Call for Proposals will finance projects proposed by Romanian entities in the Programme focus area: *Renewable Energy*. The **expected outcome** of the projects is ***Increased renewable energy production from Geothermal sources***.

The **expected outputs** are:

- *increased installed capacity for production of Geothermal energy, and*
- *increased number of new or refurbished installations for production of Geothermal energy.*

Projects are also expected to contribute to the reduction of CO2 emissions and increased security of supply. The target group for this Programme is entities legally registered in Romania.

It is not mandatory to have Project Partners in the projects, but Partnership Projects are encouraged and will be awarded additional points during assessment. Most points will be awarded to cooperation with entities from the Donor States in Donor Partnership Projects.

- a) A **Donor Partnership Project** is defined as cooperation between a Project Promoter in Romania and at least one legal entity (Donor Project Partner) in the eligible Donor States¹ (Iceland, Liechtenstein and Norway), implementing a project where all entities are independent of each other and perform substantial and relevant tasks in the completion of the project. Partnerships are not mandatory, but Donor Partnership Projects will be awarded additional points during project assessment. To qualify for such points, the Donor State Partner (from Iceland, Liechtenstein, or Norway) should be actively involved in, and effectively contributing to, the implementation of the project, and it should share with the Project Promoter a common economic or social goal which is to be realized through the implementation of the project. The simple provision of services does not qualify as a partnership project.
- b) A **Partnership Project** is defined as cooperation between a Project Promoter in Romania and at least one legal entity (Project Partner) in Romania, implementing a project where all entities are independent of each other and perform substantial and relevant tasks in completion of the project. Partnerships are not mandatory, but Partnership Projects will be awarded additional points during project assessment. To qualify for such points, the Beneficiary State Project Partner (from Romania) should be actively involved in, and effectively contributing to, the implementation of the project, and it should share with the Project Promoter a common economic or social goal which is to be realized through the implementation of the project. The simple provision of services does not qualify as a Partnership Project.

1.1 Eligible Applicants and Partners

Eligible Applicants: any entity, private or public, commercial or non-commercial, and non-governmental organisations, established as legal person in Romania.

The Applicant must have been established for at least 3 years at the date of the deadline of the present Call.

Eligible Partners: any private or public entity, commercial or non-commercial, established as a legal person in Norway, Iceland and Liechtenstein or in Romania.

¹ Only Norwegian entities are to form an eligible Donor Partnership Project for the Norway Grants (financed under the Norwegian Financial Mechanism 2014-2021), while for EEA Grants (financed under the EEA Financial Mechanism 2014-2021), Project Partners from all three Donor States are eligible, i.e. Iceland, Liechtenstein and Norway.

The Partner must have been established for at least 1 year at the date of the deadline of the present Call.

1.1.1 Additional criteria for Applicants and Partners

- a) The Applicant and its legal representative signing the Application have clean criminal and tax records.
- b) The Partner(s) and its legal representative signing the Partnership Agreement have clean criminal and tax records.
- c) If the Applicant has one or more Partners, a draft Partnership Agreement defining the roles and responsibilities of the different partners, is attached to the application. A template for the Partnership Agreement is published on the Programme website together with the present Calls.

Moreover, Applicants are not eligible for funding if:

- a) they are an **undertaking in difficulty** (the definition of “undertaking in difficulty” is included in Article 2, paragraph 18 of *Commission Regulation (EU) No.651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty*);
The COVID-19 amendments of the state aid rules will be applied.
- b) they are bankrupt, are entered in judicial administration or are under liquidation, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation;
- c) they have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to financial interests, without evidence of substantial correction measures taken in the past years;
- d) they are subject to an outstanding recovery order for illegal or incompatible state aid.

1.2 Areas of support and eligible activities

An Applicant shall submit only one project proposal under this Call for Proposals.

This Scheme can provide support for projects that will develop and implement activities within the Geothermal field (applies for both deep high temperature geothermal energy and shallow low temperature geothermal energy):

- a) development and investments in geothermal energy supplying public buildings, office buildings, malls, industrial sites and buildings, and private homes as end-beneficiaries;
- b) activities to increase production capacity for geothermal energy;
- c) training of staff on utilisation and maintenance of the equipment, provided by the supplier of the equipment, as an integrated part of an investment project (secondary activity in the investment project);
- d) renewal/refurbishment of geothermal distribution system (secondary activity);

Projects on production of energy from geothermal sources must contribute directly to these:

➤ **outcome indicators:**

- a) Estimated annual CO₂ emissions reductions (in tonnes CO₂ eq./year);
- a) Energy produced from geothermal sources (in MWh/year);

➤ **output indicators:**

- a) Number of new or refurbished installations for production of geothermal energy²;
- b) Installed capacity for production of geothermal energy (in MW).

Optionally, projects may contribute to this outcome indicator: Number of jobs created.

1.3 Minimum and maximum grant for each project

The minimum amount of grant assistance applied for shall be EUR 200.000.

The maximum amount of grant assistance applied for shall be EUR 2.000.000.

1.4 Grant rates and co-financing

The financial contribution from this Programme shall be determined on a case-by-case basis, taking all relevant factors into account, including the profitability of the project and the general financial standing of the Applicant. The applicable rules on public procurement and on state aid, procedural and substantive, shall be complied with.

The Applicant (Project Promoter) shall secure the full financing of the project. The Project Promoter (and/or the Project Partner(s)) shall provide or obtain the remaining co-financing in the form of cash. All eligible expenditures of a project can form the basis of the required co-financing. In-kind contribution is not accepted as co-financing.

1.4.1 Grant rate for entities involved in economic activities

For entities involved in economic activities, the grant rate will be determined based on the applicable provisions of **Commission Regulation 651/2014**³ *declaring certain categories of aid as compatible with the Internal market in application of Articles 107 and 108 of the Treaty, as amended by Commission Regulation 2017/1084*.

The grant rate may vary from 10% to maximum 90%, depending on the type of state aid awarded, size of the Applicant and other elements included in the provisions of the Regulation which are relevant for the respective project. Applicants should not expect to receive the maximum grant rates possible according to the state aid rules.

The Applicant should provide reasoning on how the envisaged project activities and the corresponding costs fulfil the criteria for each of the relevant state aid categories.

For this Call the following categories of **state aid** will be applicable:

1. **Aid to SMEs:**
 - art. 17 Investment aid to SMEs
 - art. 18 Aid for consultancy in favour of SMEs
2. **Training aid:**
 - art. 31 Training aid

² The final decision on this indicator will be made by 21 May, hence the wording may be modified.

³ Known also as General Block Exemption Regulation [GBER] <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

3. Aid for environmental protection:

- art. 36 Investment aid enabling undertakings to go beyond Union standards for environmental protection or to increase the level of environmental protection in the absence of Union standards
- art. 37 Investment aid for early adaptation to future Union standards
- art. 40 Investment aid for high-efficiency cogeneration
- art. 41 Investment aid for the promotion of energy from renewable sources
- art. 46 Investment aid for energy efficient district heating and cooling
- art. 48 Investment aid for energy infrastructure
- art. 49 Aid for environmental studies

Exceptionally, financial support to economic operators could be awarded as *de minimis* support in line with the Commission Regulation (EC) No 1407/2013 (max. EUR 200.000 over three fiscal years). The maximum grant rate applied will be 90%

1.4.2 Grant rate for non-economic operators

- For public entities, proposing projects which do not fall under state aid provisions (i.e. Regulation 651/2014), the grant rate will be maximum 85% of the total eligible expenses for the project, without exceeding the maximum amount that may be granted to a project.
- For NGOs, proposing projects which do not fall under state aid provisions (i.e. Regulation 651/2014), the grant rate will be maximum 90% of the total eligible expenses for the project, without exceeding the maximum amount that may be granted to a project.
- For public entities and NGOs proposing investment projects related to economic activity, the grant rate will be set in accordance with the state aid rules.

1.5 Eligible expenditures

IMPORTANT: The assessment of the grant awarded for a specific project will be made based on the applicable state aid legal basis. However, in cases where eligibility provisions in the State aid legislation are more extensive than the detailed eligibility provisions below, the text of this Call will prevail.

1.5.1 First and final dates for eligibility of expenditure

Costs within projects are eligible from the date on which the grant is awarded or at a later date set in the Project Contract. The Project Contract shall set the final date of eligibility of costs, which shall be no later than **31 December 2023**. Costs incurred after the final date set in the project contract are not eligible.

1.5.2 General principles of eligibility

Eligible expenditures of projects are those actually incurred by the Project Promoter or the Project Partner, which meet the following criteria:

- a) they are incurred between the first and final dates of eligibility of a project as specified in the Project Contract;
- b) they are connected to the subject of the Project Contract and they are indicated in the detailed budget of the project;
- c) they are proportionate and necessary for the implementation of the project;
- d) they are used for the sole purpose of achieving the objective of the project and its expected outcome(s),

- in a manner consistent with the principles of economy, efficiency and effectiveness;
- e) they are identifiable and verifiable, in particular through being recorded in the accounting records of the Project Promoter and determined according to the applicable accounting standards and generally accepted accounting principles; and
 - f) they comply with the requirements of applicable tax and social legislation.

Expenditures are considered to have been incurred when the cost has been invoiced, paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Exceptionally, costs in respect of which an invoice has been issued in the final three months of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date of eligibility. Overheads and depreciation of equipment are considered to have been incurred when they are recorded on the accounts of the Project Promoter and/or Project Partner.

The Project Promoter's internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenue declared in respect of the project with the corresponding accounting statements and supporting documents.

1.5.3 Detailed eligibility provisions

1.5.3.1 Eligible direct expenditures

The eligible direct expenditures for a project are those expenditures which are identified by the Project Promoter and/or the Project Partner, in accordance with their accounting principles and usual internal rules, as specific expenditures directly linked to the implementation of the project and which can therefore be booked to it directly. The following direct expenditures are eligible provided that they satisfy the criteria set out in Article 1.5.2. above:

- a) the cost of staff assigned to the project, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this corresponds to the Project Promoter's and Project Partner's usual policy on remuneration;
As an alternative, unit costs (hourly rates) can be set in accordance with the rules for application of corresponding scales of unit costs applied under schemes for grants funded entirely by Romania for the Project Promoter and/or the Partner, or Norway/Iceland/Liechtenstein for the Donor Partner, for similar types of project and entities involved.
- b) travel and subsistence allowances for staff and volunteers taking part in the project, provided that they are in line with the Project Promoter's and Project Partner's usual practices on travel costs.
- c) cost of new or second-hand equipment provided that it is depreciated in accordance with generally accepted accounting principles applicable to the Project Promoter and generally accepted for items of the same kind. Only the portion of the depreciation corresponding to the duration of the project and the rate of actual use for the purposes of the project may be taken into account by the Fund Operator. In case the Fund Operator determines that the equipment is an integral and necessary component for achieving the outcomes of the project, the entire purchase price of that equipment may be eligible;
- d) costs of consumables and supplies, provided that they are identifiable and assigned to the project;
- e) costs entailed by other contracts awarded by a Project Promoter for the purposes of carrying out the project, provided that the awarding complies with the applicable rules on public procurement;
- f) costs arising directly from requirements imposed by the Project Contract for each project.

Where the entire purchase price of equipment is eligible in accordance with point (c) of paragraph 1 of *Section*

1.5.3.1. Eligible direct expenditures, the Project Promoter shall:

- a) keep the equipment in its ownership for a period of at least five years following the completion of the project and continue to use the equipment for the benefit of the overall objectives of the project for the same period;
- b) keeps the equipment properly insured against losses such as fire, theft or other normally insurable incidents both during project implementation and for at least five years following the completion of the project; and
- c) sets aside appropriate resources for the maintenance of the equipment for at least five years following the completion of the project.

1.5.3.2 Eligible indirect costs in projects (overheads)

Indirect costs are all eligible costs that cannot be identified by the Project Promoter and/or the Project Partner as being directly attributed to the project, but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible direct costs. Indirect costs of the project shall represent a fair apportionment of the overall overheads of the Project Promoter or the Project Partner. They may be identified according to either of the following methods:

- a) based on actual indirect costs for those Project Promoters and Project Partners that have an analytical accounting system to identify their indirect costs as indicated above;
- b) a Project Promoter and Project Partners may opt for a flat rate of up to 25% of total direct eligible costs, excluding direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter or Project Partner, subject to the calculation of the rate on the basis of a fair, equitable and verifiable calculation method or a method applied under schemes for grants funded entirely by the Beneficiary State for similar types of project and Project Promoter;
- c) a Project Promoter and Project Partner may opt for a flat rate of up to 15% of direct eligible staff costs.

1.5.3.3 Excluded costs

The following costs shall not be considered eligible:

- a) interest on debt, debt service charges and late payment charges;
- b) charges for financial transactions and other purely financial costs, except costs related to accounts and financial services imposed by the Project Contract;
- c) provisions for losses or potential future liabilities;
- d) exchange losses;
- e) recoverable VAT;
- f) costs that are covered by other sources;
- g) fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project;
- h) excessive or reckless expenditure.

Other excluded costs:

- Preliminary Feasibility Study/ Feasibility Study/ Preliminary Technical Design (DALI) are not eligible expenses. Project or investment feasibility needs to be demonstrated before Innovation Norway decides on awarding a grant.

2 Assessment of projects and selection procedure

The Fund Operator (Innovation Norway) will check the fulfilment of administrative and eligibility criteria contained in the Call for Proposals. All applications which fulfil administrative and eligibility criteria will be further assessed against the technical and financial selection criteria, resulting in a ranked list that forms the basis of the Fund Operator's Selection Committee's discussion.

Prior to the final decision, the FMO, the DPPs, any other Programme partners and the NFP shall be provided with the ranked list at reasonable time to give their input.

After the selection procedure is complete, information of the results and the decision on the award of grants will be communicated to the Applicants (Project Promoters) and positive decisions published online.

For more details on the assessment methodology see document "*Project assessment criteria and methodology*" published together with this Call on the Programme website.

2.1 Selection criteria

Project applications will be assessed based on a set of selection criteria. The said criteria are based on the objectives and the outcome that the Programme seeks to achieve. The objectives and principles of good governance and good business practice, sustainable development and gender equality, are cross-cutting issues that shall be considered as part of the assessment process.

For the full list of criteria, including on the weighting of criteria, see the Call document "*Project Assessment Criteria and Methodology*".

2.2 The Project Contract

For each approved project a Project Contract shall be concluded between the Innovation Norway and the Project Promoter.

The Project Contract will include relevant special conditions, the Standard Terms and Conditions on EEAGrants programmes operated by Innovation Norway, the agreed Project Implementation Plan, the agreed Detailed Activity-Based Budget and the agreed Disbursement Plan. These documents shall set out the terms and conditions of the grant assistance, as well as the roles and responsibilities of the Parties.

Prior to the signing of the Project Contract, the Project Promoter has to submit a binding confirmation of the co-financing of the project to Innovation Norway, and has to comply with the conditions set in the Grant Offer Letter and Standard Terms and Conditions. The Grant Offer Letter will set a deadline for submitting such a confirmation. If the deadline is not met, the Grant Offer Letter is considered to be withdrawn, unless a prolongation of the deadline is granted by Innovation Norway in writing.

The Project Contract shall contain, as a minimum, provisions on the following:

- a) obligations regarding reporting that enables Innovation Norway to comply with its reporting obligations to the Financial Mechanism Office and to the National Focal Point;
- b) the maximum amount of the project grant in Euro and the maximum project grant rate;
- c) the list of eligible expenditures;
- d) the method of calculating indirect costs and their maximum amount;
- e) the first and final dates of eligibility of expenditures;

- f) requirements for the submission of proof of expenditure;
- g) provision on modifications of the project;
- h) provisions that ensure timely access for the purposes of monitoring, audits and evaluations;
- i) provisions that ensure that obligations regarding information and communication;
- j) the right of Innovation Norway to suspend payments, make financial corrections and request reimbursement from the Project Promoter in case decision on such actions is taken by the FMO and/or by Innovation Norway;
- k) resolution of disputes and jurisdiction;
- l) waiver of responsibility;
- m) a detailed budget;
- n) provisions on equipment for which the entire purchase price is eligible, in compliance with section 1.5.3.1 Eligible direct expenditures;
- o) provisions regarding the situation of changing the Fund Operator;
- p) a reference to the Partnership Agreements or letters of intent, if relevant; and
- q) provisions that ensure that obligations regarding record keeping are complied with.

The obligations of the Project Promoter under the Project Contract shall be valid and enforceable under the law applicable to the Project Contract.

The grant will be subject to the acceptance of the Project Contract, including the Special conditions, and of the Standard Terms and Conditions on EEA/Norway Grants Programmes operated by Innovation Norway.

3 Implementation of projects

All general provisions and requirements related to the implementation of projects are set out in the Standard Terms and Conditions, published together with this Call for Proposals. Specific provisions and requirements will be set out in the Special Conditions for each Project Contract, if relevant.

4 Payment flows

Grant assistance shall be given as reimbursements of already incurred documented costs according to an agreed Disbursement Plan.

The Project Promoter has the opportunity to apply for an advance payment in line with Programme requirements. The advance payment shall be paid following the signature of the Project Contract, within one month of the submission of a request by the Project Promoter. Subsequent payments shall be paid following the approval of project interim reports and no later than one month from the date of approval. The final payment, if applicable, will be paid following approval of the final report and no later than one month from the date of approval.

The approval of project interim and final reports shall take place within three months from the submission of the required information.

Commitments and payments will be carried out in Euro (€).

Payment claims (including the advance payment) submitted by the Project Promoter to the Fund Operator shall be in Euro (€).

5 Procedure for submission of application

Only electronic applications, submitted via Innovation Norway's Application Portal, in English, will be accepted. The Application Form must be accompanied by the **mandatory attachments** which are listed in Annex I of this Call for Proposals.

The electronic Application Form and templates for the mandatory attachments are available on Innovation Norway's Programme website <https://www.innovasjon Norge.no/roenergy>

Project applications will be submitted via the Application Portal which could be accessed through the above-mentioned website.

6 Queries

Questions or further need for clarifications shall be sent in writing - in English - to the Programme's e-mail address RO.Energy@innovationnorway.no. Queries will normally be replied to within 3-5 working days.

A Frequently Asked Questions section (FAQ) will be published on the dedicated Innovation Norway's website based on questions received from potential Applicants and Partners. The FAQ will be updated on a regular basis.

ANNEX I – List of mandatory documents

1. Expected outcomes of the implementation of the project (template)
2. Detailed Activity Based Budget (DABB) and financial projections for the project, in signed PDF format and Excel file (template)
3. Disbursement Plan (template)
4. Project Implementation Plan (template)
5. Procurement Plan (template)
6. Letter of Commitment (template)
7. Project Document (to be submitted only by non-economic operators, e.g. public authorities and NGOs without economic activities) - (template)
or
Business Plan (to be submitted only by entities involved in economic activities) - (template)
8. Draft Partnership Agreement (if relevant) (template)
9. CVs of the project management team (template)
10. Communication Plan (template)
11. *If applicable (i.e. the Applicant is an undertaking)*: Self-declaration re. undertaking in difficulty (template)
12. *If the Applicant is a Small or Medium Enterprise (SME)⁴*: Self-declaration re. SME (template).
13. Self-declaration regrading clean tax and criminal records of the Applicant and of its legal representative(s) (template)
If applicable (projects implemented in partnership): Self-declaration regrading clean tax and criminal records of the Partner(s) and of its legal representative(s) (template)
14. Relevant Registration Certificates and statutory documents
 - a) *Applicants – undertakings*:
 - Certificate of Status ('Certificat Constatator') issued by the Romanian Trade Register Office (which should include extensive information about the enterprise's up to date status).
 - b) *Applicants – NGOs*:
 - law court decision for the establishment of the NGO;
 - latest approved Statute;
 - law court decision regarding the latest version of the Statute (if the case).
 - c) *Applicants – public*:
 - incorporation documents demonstrating that the Applicant is a public authority/entity in Romania, registered in Romania.
 - d) *Partners*:
 - registration certificate (or similar), issued by the competent authority in the Donor State (Norway/Iceland/Liechtenstein)/Beneficiary State (Romania);
 - latest approved statute (or similar), which proves that the Partner's main activity is closely related to the activities in which its contribution is proposed.
15. Certified annual financial accounts of the Applicant for 2019 and 2020 (in Romanian) - which bears the

⁴ definition of Small and Medium-sized Enterprises (SMEs) available at:
https://ec.europa.eu/growth/smes/sme-definition_en

- Applicant's signature (electronic or handwritten) and the fiscal's authority registration number (index).
16. The balance sheet as per 31 December 2020, certified by the legal representative and their financial officer.
 17. Trial balance sheet as per May 2021.
 18. Applicant's Annual report (year 2020), which includes information such as the organisation's activities and results achieved in 2020.

ANNEX II – Essential readings

Please find below the list of documents which are relevant for the present Calls and are available on the Fund Operator's Programme webpage <https://www.innovasjon Norge.no/en/start-page/eea-norway-grants/funding-options/>

1. Standard Terms and Conditions for EEA/Norway Grants programmes operated by Innovation Norway;
2. Project Assessment Criteria and Methodology – Call 2.1 Geothermal;
3. Guidelines on Cross-Cutting Issues and Good Business Practice;
4. Communication Guidelines;
5. Conversion Guidelines for Emissions;
6. Glossary of Terms;
7. Guideline for Detailed Activity Based Budget (DABB) and Financial Forecast.

ANNEX III – Energy Generation Cost indicator

The indicator Energy Generation Cost in the analysis period (EGC) shall be calculated based on the following formula:

$$EGC = \frac{\sum_{t=1}^n [(I_t + M_t + F_t)(1+r)^{-t}]}{\sum_{t=1}^n [E_t(1+r)^{-t}]} \quad (\text{EUR/MWh}_e)$$

Where:

- EGC = cost of electricity produced in the analysis period, n
- I_t = investment expenditure in year t
- M_t = operation and maintenance expenditure in year t
- F_t = fuel expenditure in year t
- r = reference rate
- n = analysis period (implementation period plus operation period)
- E_t = electricity produced in year t
