

Key Aspects for Accessing the Modernisation Fund for Renewable Energy

The Guide for accessing financing from the Modernisation Fund for renewable electricity generation capacities ("**Guide**") has recently been published in the Official Gazette. The Guide sets forth a series of rules that stakeholders must follow in order to access the state aid program that is implemented through a competitive bidding process. Key aspects of the state aid program include:

State Aid Threshold

The maximum amount of state aid that can be granted is EUR 20 million **per undertaking, per investment project**. The initial draft of the Guide, which indicated the maximum amount **per beneficiary**, was amended following the proposals that were put forward during the consultation period and implemented the wording used by Regulation no. 651/2014 qualifying certain categories of aid compatible with the internal market. Consequently, where an applicant submits more than one application for funding, the total amount of state aid requested may not exceed EUR 20 million.

Eligible and Ineligible Projects

Projects that seek to establish **new electricity production capacities** from three different sources: wind, solar or hydro are considered **eligible** by the Guide.

Mixed/hybrid projects and **projects aimed at expanding existing capacities** are explicitly **excluded** from funding. As per the Guide, projects aimed at expanding existing capacities are those which entail the construction of an energy production capacity that is reliant on an existing capacity and cannot be metered and monitored separately. This raises the question of whether a project aiming to expand an energy capacity, in a manner that is dependent but can be metered and monitored separately, would be deemed eligible.

Other ineligible projects mentioned in the Guide include projects that replace older renewable electricity generation capacities, projects covering multiple locations and projects that propose solely storage capacities. For projects that incorporate storage capacities, the costs associated with storage facilities are not eligible for funding through the aid program.

Conclusion

While some suggestions proposed during the consultation period were implemented, others, such as including hybrid projects in the list of eligible projects, were explicitly disregarded. Nonetheless, the Guide ensures that the state aid program is both competitive and transparent and will play a pivotal role in guiding investments and accelerating the transition to renewable energy sources.

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