

PRIORITY PROGRAMME

Programme title:

GIS – Green Investment Scheme

Part 1) Energy management in public service buildings.

1. Objective of the programme

Reducing or avoiding carbon dioxide emissions by co-financing projects that improve energy efficiency in public service buildings.

2. Indicators of achieving the objective

Planned values of indicators of achieving the objective equal **124 912** Mg/year. Whereas values of the indicator resulting from planned confirmation of achieving ecological/substantial effect during 2014-2016 are **238 997** Mg/year.

Table with indicators of the priority programme constitutes Annex 6 to the programme.

As a result of contract execution for the sale of emission credits¹ there are plans to achieve the indicators contained in Annex 5 for them.

3. Budget

1. Planned commitments in non-returnable forms of co-financing equal **PLN 298 329 thousand** - from the proceeds from the sale of assigned emission credits (subsidies from the Green Investment Scheme (GIS)) or other funds of the NFEPWM.
2. Disbursed amount of commitments and planned commitments in non-returnable forms of co-financing equal **PLN 347 543,7 thousand**.
3. Information about the revenues from the contracts for sale of assigned emission credits are contained in Annex 5.
4. Planned commitments in returnable forms of co-financing equal **PLN 387 934,9 thousand** - from funds of the NFEPWM.
5. Disbursed amount of commitments and planned commitments in returnable forms of co-financing equal **PLN 464 857,7 thousand**
6. Tables of the priority programme budget constitute Annex 3 to the programme.

¹ Sales contracts as defined in article art.19 of the Act referred to in paragraph 6 point 2 of the priority programme

4. Implementation period

1. The programme is being implemented in the years 2010 – 2017.
2. Allocation of funds in the years 2010 – 2016.
3. Disbursement of funds: until 31.12.2016.

5. Deadlines and manner of the submission of applications

The call for proposals takes place under competition procedure. Announcements will be placed at www.nfosigw.gov.pl.

6. Legal basis for granting co-financing

1. Act of 27 April 2001 – Environmental Protection Law (Dz. U. of 2008 No. 25, item 150, as amended).
2. the Act of 17 July 2009 on the system to manage the emissions of greenhouse gases and other substances (Dz. U. of 2013 item 1107).

7. Detailed rules for the award of co-financing

7.1 Forms of co-financing

- 1) grant;
- 2) loan.

7.2 Intensity of co-financing

- 1) Co-financing in form of a grant from resources other than GIS funds: up to 30% of eligible costs, subject to point 5);
- 2) Co-financing in form of a grant from the GIS funds: up to 50% of eligible costs but no more than the grant intensity specified in contracts for the sale of AAUs;
- 3) Co-financing from funds earmarked as GIS technical assistance can be used exclusively for the costs referred to in paragraph 9.1.1 and cannot exceed 40% of these costs;
- 4) Co-financing in form of a loan: up to 60% of eligible costs, whereby the total funding in the form of grants and loans cannot be higher than 95% of eligible costs;
- 5) the project may be awarded additional funding in form of grant from other funds of the NFEPWM up to 20% of eligible costs, in order to improve the disbursements of GIS funds and to maintain equal treatment of beneficiaries of the program. Contracting of a supplementary grant may not cause exceeding of the total intensity of non-repayable grants of the project above the level of 50% of eligible costs.

7.3 Conditions of co-financing

- 1) grant may be granted from the GIS funds or other funds of the NFEPWM, grant earmarked as GIS technical assistance may be provided only for projects awarded with GIS financing, if so is provided in the rules of the contest.
- 2) in case of projects co-financed from GIS funds, obtaining loan from the NFEPWM funds is subject to receiving grant from GIS funds;
- 3) minimum total cost of the project over PLN 2 million. In the case of group projects the total cost of the project under the contract for co-financing in form of grant and loan, or loans must be greater than PLN 5 million. Reduction of the total cost (mentioned in sentence 1 and 2) after submission of an application will be possible, if it occurred as a result of tender procedures - such a reduction of the total cost will not result in refusal of the grant;

- 4) co-financing cannot be granted to projects that are on the primary ranking list of measure 9.3 of the Operational Programme Infrastructure and Environment, or ones that have been awarded co-financing by NFEPWM funds under other programmes;
- 5) co-financing in form of loans:
 - a) variable interest rate WIBOR 3M +50 base points (annually). Interest is paid regularly on a quarterly basis. The first payment at the end of the calendar quarter following the quarter in which payment of the first tranche of funds was made.
 - b) period of financing: loan may be granted for a period not longer than 15 years after the date of the first planned payment of loan tranche,
 - c) grace period: grace period for the payment of principal instalments may apply when granting a loan, calculated from the date of the disbursement of the last loan tranche, yet no longer than 18 months from the completion date of the project implementation.
 - d) loan cannot be amortised.
- 6) the third sentence of point 3) shall not apply to projects co-funded by the Climate Account, unless the buyer which is party to a contract of sale of AAU credits agrees to such an application in terms of the grant originating from the agreement;
- 7) Additional funding referred to in paragraph. 7.2 point 5), will be paid subject to the completion of the project and the achievement of environmental effects under the conditions stipulated in the original grant agreement.

7.4 Beneficiaries

- 1) territorial self-government units and associations thereof;
- 2) entities that provide public services as a part of the discharge of own tasks of the territorial self-government units and that are not enterprises,
- 3) Volunteer Fire Fighter Brigades;
- 4) universities within the meaning of the Act on higher education and scientific and research institutes;
- 5) independent public health care institutions and medical entities conducting business within the meaning of Art. 55¹ of the Civil Code regarding provision of health services;
- 6) non-governmental organisations, churches, other religious associations, religious legal entities conducting activity in the field health care, preventive medicine, rehabilitation and social assistance;
- 7) entity or unit referred to in points 1-6 as party to the loan agreement in the group project.

7.5 Types of undertakings

- 1) Co-financing may be awarded for the implementation of projects in public service buildings, which should be perceived as buildings intended for the performance of the following functions: self-government and state administration, jurisdiction, culture, religion, education, schools, science, health care services, social and welfare assistance, as well as buildings for collective housing intended for temporary accommodation for persons staying outside their place of residence (in particular: dormitories, halls of residence, barracks, penal institutions and juvenile detention centres), as well as buildings for permanent stay for persons (in particular: homes for pensioners, orphanages, nursing homes, monastic houses, monasteries);
- 2) Thermal modernisation of public service buildings, including changes in the equipment of buildings in devices of the highest, economically justified standards of energetic

effectiveness related directly to the conducted thermal modernisation of buildings, in particular:

- a) heat insulation of the buildings,
 - b) replacement of windows,
 - c) replacement of external doors,
 - d) conversion of heating systems (in addition to the replacement of heat source),
 - e) replacement of ventilation and air-conditioning systems,
 - f) drawing up technical documentation for the project,
 - g) energy management systems in buildings,
 - h) use of technology of renewable energy sources;
- 3) Replacement of internal lighting for energy-efficient one (as additional tasks performed simultaneously with the thermal modernisation of buildings);
- 4) group projects may be implemented under the programme. Partners and leaders in group projects may be only the entities listed in paragraph. 7.4 pts 1-6. A leader in the project group is the entity applying for co-financing in the form of grant or applying for co-financing in the form of loan or applying for co-financing in the form of loan on behalf of partners. Mutual relations between the leader and partners are governed by the agreement concluded between them.

7.6 Procedure for the award of co-financing (pursuant to the provisions of the Act referred to in paragraph 6 point 2)

- 1) the call for proposals takes place under competition procedure. Announcement on the call for proposals and its conditions will be published in a nationwide newspaper and on NFEPWM website;
- 2) NFEPWM after collecting applications within the competition will assess them and prepare a list of projects initially qualified for co-financing from GIS funds;
- 3) A contract on co-financing by the funds from the Climate Account may be signed after approval of the project for co-financing by the Minister of the Environment;
- 4) In the case when the Minister of the Environment removes the project from the list of projects initially qualified for co-financing, the applicant has the right to appeal to the Minister and then in case of sustaining the decision, the right to appeal to the administrative court.

8. Detailed criteria for selection of undertakings

Access criteria				
Formal criteria:			Yes	No
1.1	Application is submitted within the deadline			
1.2	Application is submitted on valid form and filled out in Polish			
1.3	Application is complete, signed correctly, has required annexes for technical, environmental and financial assessment			
1.4	Application contains correct arithmetic calculations			
1.5	Type of undertaking is consistent with section 7.5 of the priority programme			
1.6	Applicant is included in the category “Beneficiaries” – section 7.4 of the priority programme			

1.7	Costs are consistent with the catalogue of “Eligible costs” indicated in section 9 of the priority programme		
1.8	Type and amount of planned co-financing are consistent with detailed provisions for granting co-financing defined in sections 7.1 – 7.3 of the priority programme		
Substantive criteria:		Yes	No
1.9	New devices were used		
1.10	Selected variant of implementation – solution selected on the basis of the analysis of options, justification given for the adopted solution		
1.11	Technical feasibility (including: correct selection of technology which guarantees physical durability of the investment, realistic schedule of implementation).		
1.12	Environmental effect (including: reliability of assumptions and data, achievable ecological effect that is also possible to maintain for 5 years after the project completion).		
1.13	Cost analysis (including: investment layouts and operational costs estimated on the basis of reliable data and realistic assumptions).		
1.14	Market conditions (including: appropriate assessment of the potential of renewable energy source, possibility of acquiring raw materials and production of energy)		
1.15	Institutional structure and formal and legal aspects (including: transparent ownership structure and legal form, clear contact relations, submitted application for issuing construction permit or having construction permit(s) regarding all elements of the investment (if required),		
1.16	Financial structure (including: reliable financing, feasibility and financial durability of the undertaking, type and amount of collateral acceptable by the NFEPWM)		
Does the application qualify for further assessment?			
Criterion for selecting applications			
2.1	Cost-efficiency (DGC – Dynamic Generation Cost), see Annex 2		

Negative result at the stage of access criteria excludes the application for co-financing from further proceedings.

Additional requirements for the beneficiaries as regards thermal modernisation of buildings are listed in Annex 1.

9. Eligible costs

1. The period of eligibility from 01 January 2009 to 31 December 2016, during which the incurred costs may be regarded as eligible.
2. In the case of GIS funds, the catalogue of eligible costs and the period of eligibility will be defined in the competition documentation. The competition documentation may provide a different catalogue of eligible costs, than those referred to in paragraph. 9.2.
3. VAT does not represent eligible cost if the beneficiary is able to reclaim or deduct VAT (in this case it does not constitute a component of the total cost of the project). If the beneficiary is not able to reclaim or deduct VAT, it constitutes eligible cost.

Competitive business operation – activity that meets jointly the following criteria:

- 1) consists in the sale of goods or services,
- 2) is conducted on a market that is open to competition,
- 3) the co-financing for this activity affects the trade exchange between the Member States of the European Union.

If in a given building competitive business operation is conducted and uses 50% of the area of the given building, the expenditure related to the area in which such activity is conducted reduce the value of eligible costs proportionally to the percentage of area in which it is conducted.

If in a given building competitive business operation is conducted and uses 50% of the area of the given building, such building may constitute an object of application for co-financing.

In the case when the same area is used both for the purpose of competitive business operation and for the purpose of another operation, when calculating the percentage of the area used for the purpose of competitive business operation, the time during which it serves this operation is taken into account.

9.1 Costs eligible for co-financing from NFEPWM funds

- 1) preparatory activities (including technical concepts, feasibility study, environment impact report), provided that they have been demonstrated in the application for co-financing;
- 2) construction plans and detailed designs;
- 3) cost of purchase or production of new fixed assets, including:
 - a) structures and buildings (there should be a direct relation between acquiring buildings and structures and the goal of the project),
 - b) machines and devices,
 - c) tools, instruments and equipment,
 - d) technical infrastructure related to the new investment, where construction of technical infrastructure devices is understood as interior installations in technological facilities, media connections to technological facilities, roads and processing areas etc.;
- 4) cost of installing and activating fixed assets;
- 5) costs of purchasing materials or construction works, on the condition that they are directly related to objectives of the supported undertaking;
- 6) purchase of intangible assets and legal assets in form of: patents, licences, non-patented technical and technological knowledge or the knowledge on organisation and management;
- 7) costs of supervision.

9.2 Costs eligible for co-financing from funds provided under GIS subsidies

- 1) cost of purchase or production of new fixed assets, including:
 - a) structures and buildings (there should be a direct relation between acquiring buildings and structures and the goal of the project),
 - b) machines and devices,
 - c) tools, instruments and equipment,
 - d) technical infrastructure related to the new investment, where construction of technical infrastructure devices is understood as interior installations in technological facilities, roads and processing areas, etc.;
- 2) cost of installing and activating fixed assets;
- 3) costs of purchasing materials or construction works, on the condition that they are directly related to objectives of the supported undertaking;

- 4) purchase of intangible assets and legal assets in form of: patents, licences, non-patented technical and technological knowledge or the knowledge on organisation and management;
- 5) costs of supervision.

9.3 Principles of incurring eligible costs by partners under the contract for co-financing in the form of a loan

- 1) costs incurred by a partner may be considered eligible if the beneficiary has indicated that partner in the application for co-financing on the basis of agreement concluded with that partner, and the NFEPWM concluded an agreement with the partner for co-financing in the form of a loan;
- 2) agreement between the leader and the partner must be concluded in accordance with applicable laws and regulations, including in particular, in accordance with procurement regulations and provisions on State aid;
- 3) The leader is responsible for all substantial and financial implementation of the project, in particular for achieving the tangible and environmental effect and for the sustainability of the project;
- 4) partners, on the basis of and within the scope prescribed in the agreement for co-financing in the form of a loan;
 - a) remain responsible for the accuracy of substantial and financial implementation of the project and are responsible to the NFEPWM for the accuracy of incurred eligible costs,
 - b) remain responsible for ensuring the sustainability of the project,
 - c) acquire movable and immovable property which is a tangible result of the project and acquire the copyrights for works protected by copyright;
- 6) if the beneficiary indicates more than one partner, the provisions of this priority programme apply to each of these entities on the same basis;
- 7) the same requirements for incurring the costs apply to all eligible costs, regardless of whether they were incurred by the leader or partner;
- 8) NFEPWM may refuse all or part of the eligibility of the eligible costs of the project, if it considers that achievement of the substantial or environmental effect or sustainability of the project is at risk or the beneficiary within the implementation of a group project has contravened any of the conditions of agreements for co-financing in the form of subsidy or loan. The NFEPWM makes a declaration to the beneficiary on the refusal of eligibility.

9.4 Principles of incurring eligible costs by an entity authorised under the contract for co-financing in the form of a subsidy

- 1) in the case of a group project under the agreement for co-financing in the form of a subsidy, eligible costs shall be borne by the leader and may be paid pursuant to the authorization contained in the agreement on the implementation of a group project, by a partner (authorized entity);
- 2) NFEPWM, on the basis of the documentation submitted by the beneficiary, if the authorised entity does not guarantee achievement of a substantial effect, environmental effect, sustainability of the project or the proper performance of the contract, in particular with regard to eligible costs, can refuse to recognise the costs incurred by this entity as eligible. In case of refusal before the conclusion of the agreement for co-financing, the entity is not included in the directory of authorised entities, as defined in the agreement for co-financing in the form of a subsidy. In case of refusal after the conclusion of the

agreement for co-financing, the NFEPWM makes a statement to the leader on the refusal to the eligibility of costs incurred by an authorized entity;

- 3) provisions of contract and the rules and regulations that relate to the leader apply respectively to the authorised entity;
- 4) signing of an agreement, including an authorisation, between a leader and an authorised entity, in compliance with existing provisions, including in particular public procurement rules and regulations on public assistance, is a prerequisite for recognition of costs incurred by an authorised entity as eligible;
- 5) regardless of whether the leader authorises another entity to incur eligible costs, the leader:
 - a) always remains responsible for the accuracy of financial and substantial implementation of this project and is responsible to the NFEPWM for the regularity of the total eligible costs that are incurred in the project,
 - b) always remains responsible for ensuring the sustainability of the project,
 - c) always remains the sole entity responsible for contacts with the NFEPWM. All statements and activities associated with the agreement for co-financing in the form of a subsidy shall be made exclusively by the NFEPWM and a leader in the scope specified in the agreement and the law;
- 6) partners, within the scope of the agreement for co-financing in the form of a subsidy and the authorisation to incur eligible costs, acquire movable and immovable properties which are a tangible result of the project and acquire the copyrights for works protected by copyright;
- 7) a leader indicates an entity authorized in the application for co-financing in the form of a subsidy on the basis of agreement concluded with that partner;
- 8) if a leader indicates more than one authorised entity, the provisions of this priority programme relating to an authorized entity apply to each of these entities on the same basis;
- 9) the same requirements for incurring the costs apply to all eligible costs, regardless of whether they were incurred by the leader or an authorised entity;
- 10) after signing the agreement for co-financing, change of an authorized entity may be made at a legitimate request by the beneficiary, in an addendum to the agreement for co-financing in the form of a subsidy.

10. Examination procedure for applications

1. Applications for co-financing in form of subsidy are considered in competition mode.
2. Details of the method of proceedings are set out in the rules of the contest.
3. Unregulated matters considering applications referred to in point 1 are governed by NFEPWM internal regulations.
4. Applications for co-financing in form of a loan are considered in continuous call for proposals, subject to points 5 and 6.
5. Application referred to in point 4 is submitted together with the application for co-financing in form of subsidy, within deadlines published on the NFEPWM website: www.nfosigw.pl
6. The terms defined in the rules of the competition apply to the application referred to in point 4.

7. Applications for additional funding referred to in paragraph. 7.2 are appraised under in continuous call for proposals and must be submitted before completion of the project.

11. Other requirements

1. Beneficiary of the co-financing (when awarding procurements) is obliged to apply provisions of the Public Procurement Act (Dz. U. of 2013, item 907, as amended), hereinafter referred to as the PPA, in case when he is the contracting party within the meaning of article 3 (1) of the PPA including the case when conditions mentioned in article 3 (1) (5) of the PPA are fulfilled.
2. In case when Beneficiary is not the contracting party mentioned in point 1, when awarding procurements he is obliged to apply rules of equal treatment, fair competition and transparency defined in article 3 section 3 of the PPA by concluding contracts in writing (unless other form is reserved for a given activity) in form of auction or tender mentioned in article 70¹ – 70⁵ of the Civil Code.

**REQUIREMENTS FOR THE BENEFICIARIES IMPLEMENTING PROJECTS IN
THE FIELD OF THERMAL MODERNISATION CO-FINANCED UNDER THE
PROGRAMME**

- 1) The scope of thermal modernisation works has to result from the performed energy audit pursuant to the Ordinance of the Minister of Infrastructure of 17 March 2009 on the detailed scope and form of energy audit and a part of the renovation audit, model audit cards, as well as algorithm for the assessment of the profitability of the thermal modernisation undertaking.
- 2) Projects concerning thermal modernisation of buildings have to be conducted in accordance with the applicable regulations, including the Act of 16 April 2004 on the environmental protection (Dz.U. of 2013, item 627 as amended). With regard to the necessity of taking care of the objectives and object of protection of Natura 2000 areas and various forms of environmental protection, particular attention should be drawn to activity consisting in the organisation of supplies, localisation and organisation of the storage for the construction site and works conducted on the attics/ flat roofs. Construction works should be conducted with regard, inter alia, to the needs and biology of bats and swifts. Any works restricting the access of a given species to the place of its regular occurrence and reproduction are to be treated as damage to breeding sites and shelters. Any information concerning this issue is provided by the representatives of the Regional Directorates of Environmental Protection.
- 3) The U value of particular wall barriers must not exceed the maximum value defined in the Ordinance of the Minister of Transport, Construction and Maritime Economy of 5 July 2013, amending the Ordinance on the technical conditions that buildings and the location thereof should meet from the date 01.01.2014 (Dz.U. of 2013 r., item 926), with subject to the provisions of § 2 of the above Ordinance, i.e. if before the date of entry into force of the Ordinance:
 - An application for a building permit or a separate application for approval of a construction project has been submitted,
 - A notification of construction or the performance of construction works was filed, where no permit is required for construction,
 - A decision has been issued on a building permit or a separate decision on the approval of the construction project – current provisions shall apply.
- 4) It is required that as a result of conducted thermal modernisation works, the design demand for heat (i.e. the annual design energy consumption) be subject to gradual reduction in relation to the original condition by 40% for the entire undertaking, including the reduction of the annual design energy consumption for the purpose of heating the building by no less than 30 %.
- 5) It is required that the calculations on the cost-effectiveness of the use of RES include reliable and reasonable assumptions and apply the provisions of the Ordinance of the Minister of Infrastructure of 17 March 2009 on the detailed scope and forms of the energy audit and part of the refurbishment audit, card designs audits, and the algorithm assessing the profitability of the thermal modernization project (Dz. U. of 2009, item. 346).

- 6) In the case of projects commenced prior to the announcement of the competition, for which the optimal material scope of thermal modernisation works has been defined on the basis of energy audits carried out from 01 January 2009 to 19 March 2009, i.e. until the last day before the effective date for the new provisions on drafting of energy audit, it is admissible to submit, together with the application, the energy audit made on the basis of provisions applicable at that time.

In such a case, it is required to correct the energy audits as regards the demand for heat energy for heating before and after the modernisation; such demand should be calculated on the basis of provisions of law and norms binding on the date of drafting. Audit corrections should be submitted in the form of a relevant annex/ erratum for the audit.

In so far as the amendments to provisions and norms do not affect the demand for energy, as referred to above, relevant declarations in this respect should be submitted.

- 7) The beneficiary is obliged to apply the requirements for the protection of birds and bats, included in the publication "Thermal insulation of buildings in accordance with the principles of nature conservation" (by: P. Wylęgała, R. Jaros, R. Dzieciołowski, A. Kepel, R. Szkudlarek, R. Paszkiewicz) developed by the Polish Society for Nature Protection "Salamandra". This publication is available on the website of the NFEPWM (www.nfosigw.gov.pl).

DGC (Dynamic Generation Cost

DGC – Dynamic Generation Cost equals the price that allows for the achievement of discounted revenues equalling the discounted costs. In other words, the DGC index shows the technical cost of obtaining the ecological effect unit. The cost is expressed in PLN per ecological effect unit. The lower the indicator value, the more efficient the undertaking is.

The formula for the calculation of the DGC indicator

$$DGC = p_{EE} = \frac{\sum_{t=0}^{t=n} \frac{KI_t - \Delta KE_t}{(1+i)^t}}{\sum_{t=0}^{t=n} \frac{EE_t}{(1+i)^t}}$$

KI _t	- Eligible investment costs incurred in a given year – t;
ΔKE _t	- difference in operating costs incurred prior to modernisation and costs incurred in a given year – t; - The operating costs before modernisation concern the year preceding the commencement of modernisation works bringing savings.
i	- discount rate (in decimal fraction);
t	- year, values from 0 to n, where 0 is the year when first costs are incurred and n is the last year of running the installation;
EE _t	- measure of ecological effect obtained in individual years in physical units. Ecological effect which is assigned the price p _{EE} per physical unit (with the assumption that the price is fixed in the whole period of analysis);
p _{EE}	- price for physical unit of the ecological effect.

Note:

EE – ecological effect should be understood as reduction of CO₂ emission.