



COHESION POLICY 2021-27

Eligibility of energy investments, enabling conditions & complementarity of funds

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Fossil fuel exclusion & exemptions (I)

- Article 7 ERDF/CF regulation (provisional text)
- *The ERDF and the Cohesion Fund shall not support:*
 - (h) *investment related to production, processing, transport, distribution, storage or combustion of fossil fuels, with the exception of investment:*
 - (i) *the **replacement of solid fossil fuels** fired, namely coal, peat, lignite, oil-shale, heating systems **with gas-fired heating systems** for the purpose of:*
 - ***upgrading district heating and cooling systems to the status of efficient district heating and cooling** as referred to in Article 2(41) of the Directive 2012/27/EU;*
 - ***upgrading combined heat and power installations to the status of ‘high-efficiency co-generation’** as referred to in Article 2(34) of the Directive 2012/27/EU;*
 - ***investment in natural gas-fired boilers and heating systems in housing and buildings replacing coal, peat-, lignite-, oil-shale -based installations;***

Fossil fuel exclusion & exemptions (II)

- *The ERDF and the Cohesion Fund shall not support:*
 - (h) *investment related to production, processing, transport, distribution, storage or combustion of fossil fuels, with the exception of investment:*
 - [...]
 - (ii) **investment in the expansion and repurposing, conversion or retrofitting of gas transmission and distribution networks** provided that such investment **makes the networks ready for adding renewable and low carbon gases, such as hydrogen, biomethane and synthesis gas**, into the system and allows to substitute solid fossil fuels installations;
 - (iii) *investment in:*
 - clean vehicles for public purposes as defined in the [recast of Directive 2009/33/EC of the European Parliament and of the Council]; and*
 - vehicles, aircraft and vessels designed and constructed or adapted for use by civil protection and fire services.*

Fossil fuel exclusion & exemptions (III)

The total amount of Union support for EU investment referred to in points (i) and (ii) of point (h) shall not exceed the following limits of the total programmes allocation from the ERDF and the Cohesion Fund under the Investment for jobs and growth goal for the

Member State concerned:

*(a) For Member States whose gross national income per capita is below 60% of the EU average GNI per capita, or for Member States whose gross national income per capita is below 90% of the EU average GNI per capita and which have a share of solid fossil fuels in gross inland energy consumption equal to or above 25%, the **limit shall be 1.55%**. (RO, BG, CZ, EE, PL)*

*(b) For other Member States whose gross national income per capita is below 90% of the EU average GNI per capita, the **limit shall be 1%**. (EL, HR, CY, LV, LT, HU, MT, PT, SK, SI)*

*(c) For Member States whose gross national income per capita is equal to or above 90% of the EU average GNI per capita, the **limit shall be 0.2%**. (DK, DE, IE, ES, FR, IT, NL, AT, FI, SE, BE, LU)*

*Operations supported by the ERDF and the Cohesion Fund under points (i) and (ii) of point (h) shall be **selected by the managing authority by 31 December 2025**. Such operations cannot be phased to the next programming period.*

Energy eligibility

- Support to gas via fossil fuel exemption to remain an exception in the programme: avoid lock-in effect & stranded asset issues
- Investments to be ‘future proof’, i.e. should facilitate use of renewable and low carbon gas incl. hydrogen
- In transport, storage and end use, investments in construction of networks for distribution of pure hydrogen are eligible (hydrogen is an energy carrier and not a fossil fuel)
- Recital 41 ERDF/CF specifies that pro-rata financing of district heating boilers supplied by the combination of natural gas and renewable energy sources is possible *(With a view to promoting renewable energy, support could be provided for district heating boilers supplied by a combination of gas and renewable energy sources. In such cases, support from both funds should correspond pro-rata to the share of renewable energy input to such boilers)*

Enabling conditions

- 3 thematic enabling conditions (TEC) related to energy:
 - Long Term Renovation Strategies (SO 2.1)
 - Energy Governance = National Energy & Climate Plans (SO 2.1 & 2.2)
 - Renewable Energy Directive (SO 2.3)
- In each TEC many MS not fulfilling at this stage based on preliminary assessment / first exchanges
 - LTRS: lack of methodology and policy measures to achieve required energy savings requirements
 - NECPs: missing information in Annex III as regards the methodology to implement Art.7 EED
 - RES: insufficient planned increase of RES in heating in cooling up to 2030
- No 'partially fulfilled' for 2021-27: either YES or NO

Complementarity of funding

- Most MS now submitted their resilience & recovery plans – inclusion of projects on energy known
- Energy infrastructure – CEF & ERDF/CF: ERDF/CF can support any infrastructure ‘outside TEN-E’ (no double financing) taking into account ERDF/CF rules (fossil fuel + ETS exclusion + waste incineration exclusion)
- EAFRD & ERDF potential support to RES (biomass) – intervention rational + objective of the investment to be looked at for the demarcation
- Need for MS/regions to coordinate investment plans through Invest-EU/EIB with cohesion policy
- Ensure complementarity also in relation to capacity building/technical assistance (ELENA etc)

Thank you



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