

A person in a white shirt and tie is holding a green, moss-like bar chart with three bars of increasing height. The chart is positioned in the center of the frame, and the person's hands are visible at the bottom, supporting the chart. The background is a blurred office setting.

National Fund for Environmental Protection and Water Management
Financing geothermy in Poland from domestic and foreign funds

EEA project: Geothermal energy - the basis for low-carbon heating, improved living conditions, and sustainable development

Priority Programme of NFEP&WM

Geology and mining

- **Part 1) Understanding the geological structure of the country, and the management of mineral deposits, and groundwater resources**
- Part 2) Reduction of nuisance resulting from mining of minerals

Hasło poniżej – let's invest together in the environment

Zainwestujmy razem w środowisko



Geology and mining

- **Part 1) Understanding the geological structure of the country, and the management of mineral deposits, and groundwater resources**

The aim

Recognizing the geological structure of the country, and the rational management of mineral and groundwater resources through the implementation of long-term state policies, and research directions in geology, implementation of relevant directives, and the implementation of statutory, and other tasks necessary to expand the geological research, and reconnaissance base, **as well as environmental research related to the exploration, and recognition of thermal water resources, and possibilities of obtaining heat energy of dry rock.**

Geology and mining

- **Part 1) Understanding the geological structure of the country, and the management of mineral deposits, and groundwater resources**

Types of ventures

- 1) The tasks of the State Geological Survey specified in the Pgg Act, and the State Hydrological Survey specified in the Water Law Act.
- 2) **Recognizing possibilities of utilising geothermal resources, i.e. thermal water resources and thermal energy of dry rock.**
- 3) Research and geological works for environmental protection (for projects implemented by state budget units).

Geology and mining

- Part 1) Understanding the geological structure of the country, and the management of mineral deposits, and groundwater resources

Allocation

PLN 200 million, in non-refundable form

The beneficiary

Entities authorized to implement ventures within the scope of recognition of the possibility of utilising geothermal resources in accordance with the Geological and Mining Law

Form of financing

Subsidy

Intensity of financing

- Up to 100% of eligible costs for ventures implemented by local government units

- Up to 50% of eligible costs for ventures implemented by entities other than local government units. Intensity can be increased by:
 - 10 percentage points for medium-sized enterprises;
 - 20 percentage points for small and micro enterprises.

The definition of medium, small and micro-enterprises is set out in Annex I to Commission Regulation (EU) No. 651/2014 of June 17, 2014 declaring certain types of aid compatible with the internal market pursuant to Article 107 and 108 of the Treaty (OJ L 187 26.6.2014 p 1)



Geology and mining

- **Part 1) Understanding the geological structure of the country, and the management of mineral deposits, and groundwater resources**

Requirements

- Approved geological works design.
- Positive assessment by the NFEP&WM of the analysis of conditions of utilisation of geothermal resources (confirmation of energy utilisation of resources).
- Legal title to the land.
- The venture wasn't started before the date of lodging an application for co-financing.
- Positive opinion of Chief National Geologist (NFEP&WM asks for opinion).

Condition of payment of NFEP&WM funds is as follows :

- Documentation of prior financing by the Beneficiary of all designed own contribution within eligible costs.
- Documenting the commencement of geological works at the location specified in the decision approving the design of geological works .

Geology and mining

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Cost eligibility

- 1) Period of eligibility of costs from **01.01.2015 to 31.12.2023** during which the costs incurred can be considered eligible (subject to compliance with state aid rules).
- 2) Eligible costs - in accordance with the "Guidelines on eligible costs financed by the NFEP&WM".
- 3) The unit cost catalogue is annexed to the programme.
- 4) Where the unit costs exceed the costs specified in the Catalogue the Applicant must provide a statement on the possibility of covering this overrun from their own resources; In the absence of such a statement the application will be rejected.
- 5) Applicant shall submit 3 offers from market research or minimum 1 in the absence of more potential contractors for the whole scope of work specified in the application for co-financing. Market research should be conducted with specification of criteria selection.

Geology and mining

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Deadlines and method of submitting applications

Acceptance of applications in continuous mode:

1st campaign – ended on 30.11.2016

2nd campaign – announced in 2nd quarter of 2017, campaign deadline 30.11.2017



Continuation of ventures can take place under the priority programme: **Improving air quality, part 1) Utilisation of geothermal energy resources.**

Air quality improvement

- **Part 1) Utilisation of geothermal energy resources**

Type of ventures

- Construction of new, expansion or modernization of existing geothermal heating / CHP plants.
- Modernization or expansion of existing sources of energy production to a geothermal heat / CHP plant.
- Execution or reconstruction of the hole - provided, that the test hole is not subject to qualification.

The beneficiaries

Entrepreneurs

Air quality improvement

- Part 1) Utilisation of geothermal energy resources

Allocation

PLN 500 million

Form of financing

Loan:

- WIBOR 3M+ 50 b.p, not less than 2% per annum or on market terms.
- Not longer than 15 years.
- From PLN 1 milion up to PLN 90 milion.
- Up to 75% of eligible costs.
- The loan is not subject to redemption.

Capital investment:

- Not longer than 15 financial years.
- Min. PLN 3 million and max. 49 % of shares.
- Up to 85 % of eligible costs.

- Combining co-financing in the form of a loan with capital investment is not possible



Air quality improvement

- **Part 1) Utilisation of geothermal energy resources**

Capital investment

- Beneficiaries acting in capacity of a limited liability company or joint-stock company may apply for contributing NFEP&WM funds for implementation of ventures in exchange for newly established shares or issued stocks.
- Method of contributing of NFEP&WM funds in the form of taking up shares or stocks is governed by the "Guidelines for Financing Projects in the form of taking up or acquiring of shares or stocks by the National Fund for Environmental Protection and Water Management"

Air quality improvement

- Part 1) Utilisation of geothermal energy resources

Capital investment

- The final terms of acquiring or taking up stocks are determined individually on the basis of an analysis of the beneficiary's financial situation subject to the following conditions:
 - ✓ The period during which the NFEP&WM remains the shareholder or stockholder of the may cover no more than 15 full financial years of the beneficiary. This period is determined from the moment of registration of shares or stocks taken up or acquired by NFEP&WM until complete withdrawal of the NFEP&WM capital commitment.
 - ✓ The minimum value of capital investment amounts to PLN 3 million.
 - ✓ The maximum share of the NFEP & WM in the beneficiary's share capital cannot exceed 49%.
 - ✓ The cost of capital is determined **on market terms** (does not constitute state aid) at the base rate determined in accordance with the European Commission communication on changing the method for setting reference and discount rates (OJ C 14 19.01.2008 p. increased by a margin proportional to the investment risk.

Air quality improvement

- Part 1) Utilisation of geothermal energy resources

IMPORTANT

Necessary:

- Hydrogeological documentation required in line with Geological and Mining Law.
- Mining license required in line with Geological and Mining Law.
- Documented **guarantee of reception of heat energy** (preliminary contracts or contracts)

Air quality improvement

- **Part 1) Utilisation of geothermal energy resources**

Acceptable intensity of public aid

- 65% – for micro and small sized enterprises
- 55% – for medium sized enterprises
- 45% – for large sized enterprises

During the period of validity of regional aid map for 2014-2020 the aid intensity is subject to increase by:

- a) 5 percentage points - when the investment will be implemented in the area belonging to the Mazowieckie voivodship.
- b) 15 percentage points - when the investment will be implemented in other voivodships.

Subactivity 1.1.1 OPIE 2014-2020



Support for investment in renewable energy sources including the connection of these sources to the distribution / transmission network

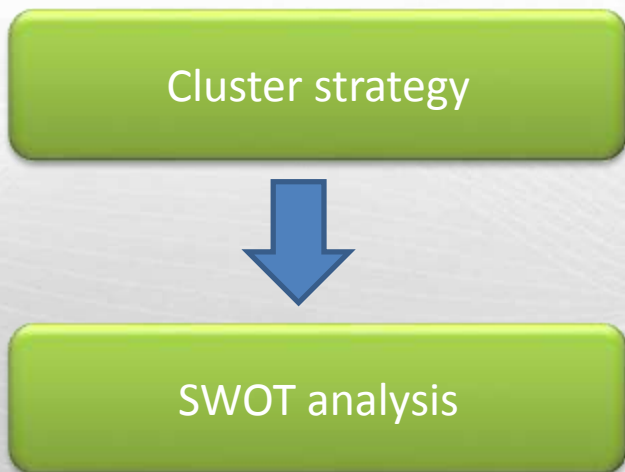
Investment projects related to the construction or reconstruction of generating units resulting in an increase in the generation of energy from renewable sources including the connection of these sources to the distribution / transmission network

Support may include the construction or reconstruction of power units with a capacity in excess of 2 MWth and utilising geothermal energy



Projects under the cluster:

Subactivity 1.1.1 OPIE 2014-2020



- Cluster composition (including coordinator)
- Objectives to be implemented by the cluster within the selected area of activity
- Level of satisfaction of energy needs of cluster members
- Projects foreseen in the cluster
- Potential suppliers of energy raw materials and fuels
- Owned infrastructure



Thank You for your attention

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