



Swiss-Hungarian Cooperation Programme II.

CALL FOR PROPOSAL

Energy efficiency and renewable energy sources thematic area,

SM06-GEO

„Geothermal energy for district heating” programme

to perform the duties of a programme component operator

Applicable: 12 March, 08:00 –12 June, 12:00, 2024.

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1. FRAMEWORK, PURPOSE AND BACKGROUND OF THE CALL FOR PROPOSALS

1.1 The Second Swiss-Hungarian Cooperation Programme implementation frameworks

This Call for Proposals, together with the General Guidelines for the selection of Programme Components and Final Beneficiaries for the second Swiss-Hungarian Cooperation Programme (hereinafter: General Application Guidelines) informs on the general informations, conditions and rules related to the submission of the Call for Proposals.

The basic regulatory, organisational and general principle frameworks, horizontal aspects and target systems the implementation of the Second Swiss-Hungarian Cooperation Programme (hereinafter: Cooperation Programme) are contained in the General Application Guidelines.

The specific rules governing the use of the grant for the implementation of the subsidised programme components are contained in the Grant Contract to be concluded with the beneficiary (see Annex 7 the Grant Contract template).

1.2 The purpose of the Call for Proposals

The purpose of this Call for Proposals is to define and select the programme components to be implemented within the framework of the Geothermal Energy for District Heating Programme (hereinafter: SM06-GEO Programme) in accordance with Government Decree No. 563/2002 (XII. 23.) on the implementation of the Second Swiss-Hungarian Cooperation Programme (hereinafter: Implementation Decree).

The overall objective of the Cooperation Programme is to reduce social and economic inequalities and to build and further strengthen bilateral relations between the Swiss Confederation and Hungary as a beneficiary country. The Framework Agreement¹ sets out the expectations related to the "Energy efficiency and renewable energy sources" program area: the general objective of the program area is to reduce the emission of greenhouse gases in district heating systems and to promote renewable energy sources.

In Hungary, in addition to district heating, important parts of residential heat supply are the so-called thermal water settlement heating systems, where, in the absence of district heating infrastructure, a specially constructed thermal water pipe network supplies the heating of typically public institutions, as buildings with the greatest heating needs. In addition, in the area of the current district heating systems (~15 km), there are already existing geothermal heat generating facilities or operating thermal

¹ Framework Agreement between the Swiss Federal Council and the Government Of Hungary on the implementation of the Second Swiss Contribution to Selected Member States of the European Union to Reduce Economic and Social Disparities within the European Union, signed: 8 November, 2022 (hereinafter: Framework Agreement)

wells (until now used for other purposes) in many places in the country, the connection of which can increase the share of geothermal energy in the district heating. The demand for connection to these environmentally friendly heating systems is significant in dynamically developing settlements.

The aim of the SM06-GEO programme is to increase the use of geothermal energy sources by modernizing existing (active or closed, producing and/or injection) thermal wells and, in addition, by converting unused, state-owned hydrocarbon wells with significant untapped geothermal potential into thermal wells, geothermal energy production and through other surface engineering activities that support the efficiency and growth of utilization, the connection of geothermal wells to heating systems and/or the connection of new consumers to geothermal-based district heating systems. This gives the public access to reliable and environmentally friendly heating solutions.

The support measure is in line with the Hungarian National Energy and Climate Plan, the Hungarian National Energy Strategy and the objectives of the Hungary Green District Heat Programme.

All programme components supported on the basis of this application must contribute to the achievement of the objectives set out in the Cooperation Programme.

According to Paragraph 2, point 29 of the Implementing Decree, the programme component is the series of activities carried out in the Cooperation Programme, the purpose of which is to achieve the objectives and results agreed for the given programme.

The planned programme components in the SM06-GEO programme include

a) mandatory elements:

- **planning and construction of an investment for the realisation of at least one eligible geothermal energy production or exploitation activity; to be chosen from activities I to V (see Chapter 5);**
- **establishment of a partnership with at least one civil society organisation active in the area concerned by the planned investment, Activity VI (see Chapter 5), to be chosen by the civil society organisation;**
- **ensuring the publicity of the programme component (see chapter 4.1.1 of the General Application Guidelines for more details); Only the applicant may carry out publicity activities.**

b) optional elements:

- development of project management (see chapter 4.1.2 of the Application Guidelines for more details). Project management activities may only be carried out by the applicant.

Within a programme component, it is possible to carry out several technically related activities shall be possible, provided that the activities aim at the creation and extension of a coherent technical system, where

- a) the heat source is certified as available and**
- b) the planned activity(ies) are aimed at satisfying existing/increased heat market needs.**

Compliance of the Programme Component with the basic principles and its contribution to the achievement of the overall objectives of the Cooperation Programme must be demonstrated in the application form to be submitted online via the CHRIS application system. The applicant interface is available on the website www.svajcialap.hu under the link <https://chris-system.hu> . You can access the interface after registering. The completion of the applicant data sheet in the CHRIS interface is supported by the completion guide.

According to the Framework Agreement, at least 75% of the resources available under the programme must be used in the three most disadvantaged regions of Hungary - North Hungary, North Great Plain and South Transdanubia. A maximum of 25% of the allocated funds can be used in other regions of Hungary where geothermal conditions are favourable and the use of geothermal energy is widespread.

Applicants under this Call for Proposals are required to enter into a partnership with at least one non-governmental/civil society organisation active in a disadvantaged area affected by the planned investment, in order to ensure that their activities under the programme component contribute to

- the social acceptance of the results of the application;
- promote environmental awareness among the population living in disadvantaged areas;
- strengthen the capacity of the population in the regions concerned to participate in environmental decision-making processes;
- reduce economic and social disparities.

Civic engagement must be integrated into the application as a comprehensive approach, as an additional activity, focusing on individual implementation locations.

1.3 The background of the Call for Proposals

Geothermal energy is one of our under-utilised renewable energy sources, even though optimising its use is essential to achieve the climate neutrality goals for 2050 undertaken by the Hungarian Government. The country's geological features are excellent, but the existing potential is not properly utilized. The present Call for Proposals creates an opportunity to optimize the utilization of geothermal resources that have already been discovered, to develop and expand local heating systems based on them by connecting new users (public buildings). The purpose of the call is also to complement the activities supported by other tenders aimed at increasing the existing or planned geothermal energy utilization in such a way that the tenders as a whole cover the entire geothermal value chain as much as possible.

This Call for Proposals scheme is announced by the Ministry of Public Administration and Regional Development (MPRD) as Programme Operator providing support. As a professional partner, the Program Operator is supported by the Ministry of Energy in developing the structure of the Call for Proposals and in the professional monitoring of its implementation.

The Program Operator engages an intermediate body to manage the applications (administrative, financial and operational tasks related to the preparation and execution of the application procedure and the implementation of the supported components, as well as the operation of the IT system (CHRIS) that supports them). In this application process, the Intermediate Body of Program Operator is Széchenyi Programme Office Non-profit Limited Liability Company (hereinafter: Intermediate Body).

2. FUNDING

The source of funding that can be applied for under this Call for Proposals is provided by the Framework Agreement. The amount of the Framework Agreement will serve the objectives of the Energy Efficiency and Renewable Energy Thematic Area within the Environment and Climate Protection thematic area of the Cooperation Programme.

The total amount to be tendered under this Call for Proposals is HUF 5,279,058,065

Objective	Thematic area	Programme	Funding	Programme Operator
Environment and Climate Protection	Energy Efficiency and Renewable Energy	SM06-GEO Geothermal energy for district heating	HUF 5 279 058 065	Ministry of Public Administration and Regional Development (MPSD)

The grant is a non-refundable grant that can be awarded up to the available limit. Please refer to Chapter 4.3 for details of the grant intensity.

The expected number of programme components to be supported ranges from 5 to 10.

3. ELIGIBILITY CRITERIA

3.1 Eligibility of applicants

The general rules for determining the scope of eligible applicants are contained in Chapter 3.1 of the General Application Guidelines and the conditions for partners are contained in Chapter 3.2 of the General Application Guidelines.

Under this Call for Proposals, the following types of legal entities and at least one civil society organisation are eligible to submit applications in the framework of partnership cooperation:

- legal persons, non-profit economic associations and other economic organisations with GFO codes 113, 114, 116, 117, 572, 573, 556 and 557;
- central budgetary bodies and economic bodies according to the budgetary

- order with GFO codes 311, 312, 321, 322, 341, 342, 381, 382,
- c) civil society organisations with GFO codes 517, 529, 569, 591, 699 can be included as mandatory civil partners.

Only organisation(s) that meet(s) the requirements set out in the Call for Proposals and is/are eligible for funding may become member(s) of the partnership.

A partnership agreement must be concluded between the cooperating organisations.

The partnership agreement shall set out the rules of cooperation between the parties, the rights and obligations of the parties and, in the case of support for the submitted application, the implementation of the programme component as set out in the submitted application documents (see Annex 8 for a template agreement).

The partnership agreement therefore does not create joint and several liability between the parties. The partnership agreement must ensure that no subcontractor relationship between the parties within the scope of the Public Procurement Act is created by it. The Partner can only benefit from the support provided for the implementation of the Programme Component in respect of its own incurred and accountable costs. **The organisation that has signed the Grant Contract (hereinafter referred to as the Beneficiary) bears full responsibility for the implementation of the Programme Component.**

Only organisations with their headquarters in Hungary or with their headquarters in the European Economic Area and a branch in Hungary can apply for a grant under this Call for Proposals.

3.2 Eligibility economic conditions

Eligibility criteria to be examined separately for each company and to be complied with:

- a) the average statistical headcount, according to the organisation's published annual report for the last completed full financial year (365 days), shall not be less than 1 person.
- b) The organisation's published annual report for the last completed full (365 day) financial year shall not have negative shareholders' equity.

3.3 The organisation does not have the right to submit an application

- a) which does not have a valid registered office in Hungary or a registered office in the European Economic Area and a branch in Hungary;
- b) which does not have a Hungarian tax number or, in the case of a foreign applicant, an international or Community tax number;
- c) where an official has taken the grant decision or has been involved in the preparation of the grant decision ;
- d) which has overdue taxes or public-law liabilities recoverable by way of taxes that are more than 60 (sixty) days overdue , unless the tax

authority has granted a deferral of payment or payment by instalments, or has a debt under the traditional own resources of the European Union;

- e) which does not comply with the Act (CXCv) of 2011 on Public Finances. the requirements for budgetary grant defined by law ;
- f) which is the subject of winding-up, bankruptcy, liquidation, composition or any other legal proceedings for the winding-up of which a final order has been made;
- g) whose activities do not comply with the applicable environmental regulations;
- h) which, at the time of submission of the application, does not have the valid permits required for the start of the programme component to be implemented at the location of the programme component to be implemented and does not have an application for obtaining the required permit in progress.;
- i) against whom a final decision has been taken by the court within 3 calendar years prior to the submission of the application, for committing an offence pursuant to the Law (CIV) of 2001 on criminal measures applicable to legal persons;
- j) against which a criminal offence has been legally established in accordance with Act (LVII) of 1996 on the Prohibition of Unfair Market Practices and/or Restriction of Competition within the 3 years prior to the submission of the application;
- k) who has a conflict of interest to Paragraph 6 (1) of the Act (CLXXXI) of 2007 on the Transparency of Subsidies Provided from Public Funds and has not complied with his obligation to disclose the circumstances establishing his involvement pursuant to Paragraph 8 of the Act within the time limit.

3.4 The grant cannot be awarded by

- a) the organisation wishing to implement a programme component whose content is not in line with the professional objectives set out in the Call for Proposals;
- b) the organisation against which proceedings initiated by the National Tax and Customs Administration and its legal predecessor, the National Tax and Financial Control Administration are in progress at the time of submission of the application;
- c) the organisation whose concession contract for the extraction and exploitation of geothermal energy has been terminated with immediate effect within 5 years of the publication of this notice. A legal entity in which the person affected by the termination has a majority influence under the terms of the Civil Code may not participate in this process;
- d) a commercial company, one of which members was a senior official and/or owner of the organisation referred to in point c);
- e) which was classified as an undertaking in difficulty pursuant to Article 6(4a)-(4b) of Government Decree No 37/2011 (22.III.) on State aid

- procedures under EU competition law and the regional State aid map,
- f) a legal entity that has not fulfilled its repayment obligations pursuant to a decision of the European Commission addressed to Hungary to recover State aid,
 - g) an organisation which is the subject of legal proceedings at the time of submission of the application ;
 - h) programme components started before the submission of the application. The date of the start of the programme component is the earliest of the following:
 - the start of construction work on the investment;
 - the first legally binding commitment to order equipment, making the investment irreversible, whichever is the earliest.
 The purchase of land and preparatory works such as the obtaining of permits and feasibility studies are not considered as the start of works.
 - i) such an activity that would result in a breach of EU law.

4. SUPPORT AVAILABLE

4.1 Amount of requested support and method of financing

The grant that can be applied for is a non-refundable grant, with a minimum of HUF 100,000,000 (one hundred million) and a maximum of HUF 1,000,000,000 (one billion) per programme component.

The Beneficiary is entitled to a minimum 25% advance payment. A minimum of 25% and a maximum of 50% of the grant may be requested as an advance to start the activities. The amount of advance exceeding 25% will be determined individually in the Beneficiary's Grant Contract.

The costs incurred will be charged to post-financing in accordance with the 6-monthly progress reports and related payment requests.

The general provisions concerning the general conditions of the grant application are contained in chapter 3.3 of the General Application Guidelines. Additional rules for requesting an advance are set out in chapter 11.3 of this Call for Proposals.

4.2 Legal title of the requested support

The legal title and intensity of the support that can be applied for may differ for each program component, depending on the professional activities to be implemented within the component.

The financing of Activities I-III and V, as well as the financing of ensuring publicity and developing project management of the programme component activities related to Activities I-III, are considered as State aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union and can be supported under the

following legal titles:

- In the case of investment support for the production of renewable energy (see eligible activities in chapters I., II., III. Activities), in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, on the declaration of compatibility of certain categories of support with the internal market Article 41 of Commission Regulation 651/2014/EU of 17 June 2014 (hereinafter: Commission Regulation 651/2014/EU), according to the Subtitle 65 of the Implementation Decree;
- In the case of investment support for the development of energy infrastructure (see Eligible Activities, chapter V. activities) based on Article 48 of Commission Regulation 651/2014/EU, according to the Subtitle 68 of the Implementation Decree;
- Ensuring the publicity of the program component and establishing project management activities related to activity I-III and V are eligible in 100% in accordance with Commission Regulation (EU) (No 2023/2831. 13 December 2023) on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid granted to undertaking providing services of general economic interest (hereinafter: general *de minimis* Regulation) according to 72 Subsection of the Implementation Decree.

The development of energy infrastructure of public institutions will be supported at 100% (see eligible activities, chapter IV. Activity);

Educational activities of civil organisations can be supported at 100%.

Investment grant granted under this Call for Proposals can be used in Hungary.

4.3 Rules for using the support

4.3.1 Investment support for the production of renewable energy and investment support for the development of energy infrastructure cannot be granted in addition to those listed in point 3.4 for the more additional activities are listed below.

- a) the production of fishery and aquaculture products
- b) the processing and distribution of fishery and aquaculture products
- c) the processing and marketing of agricultural products, where
 - the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or distributed by the undertakings concerned, or
 - the support is conditional on a total or partial transfer to primary producers,
- d) for export-related activities, where the support is directly related to the quantities exported, to the establishment and operation of a sales network or to other current expenses incurred in connection with export activities,
- e) where it is made conditional on the use of domestic goods instead of imported goods
- f) for uncompetitive coal mines

g) for the production of nuclear energy.

4.3.2 Cumulation of State aid

Identical or partially identifiable eligible costs in the case of state aid can be cumulated with other local, public finance or State aid from other sources, if it does not exceed the aid intensity or aid amount specified in the regional block exemption regulations or the approval decision of the European Commission.

State aid may be combined with other State aid from local, regional, public or EU sources in the case of different identifiable eligible costs.

The total amount of State aid used for a project from different sources - whether EU, national, regional or local - must not exceed the aid intensity or aid amount defined in the applicable EU State aid rules.

If the grant defined as a small grant in Article 8(4) of Commission Regulation 651/2014/EU, the small agricultural grant and the small public service grant do not have identifiable eligible costs, the grant is any other with identifiable eligible costs can be cumulated with State aid. Aid without identifiable eligible costs can be combined with any other State aid without identifiable eligible costs up to the highest total funding limit specified in the block exemption regulations and the approval decision of the European Commission.

4.3.3 Rules for investment support for the production of renewable energy

- Investment support for the production of renewable energy can only be granted for new or refurbished equipment.
- Investment in the production of electricity from renewable hydrogen cannot be supported.
- The grant may cover the full cost of the investment and the grant may not be dependent on production results.
- The grant intensity may not exceed 45% of eligible costs for investments in renewable energy production.
- The support intensity may be increased by 10 percentage points for medium-sized enterprises and by 20 percentage points for small and medium-sized enterprises.²

4.3.4 In the case of investment support for the development of the energy infrastructure

- Investment support for energy-related infrastructure can be provided for the creation, modernization and expansion of energy-related infrastructure.
- The grant cannot be awarded, if
 - energy infrastructure partially or fully exempted from third party access

² Act XXXIV of 2004 on small and medium-sized enterprises and support for their development contains the thresholds, size limits and other criteria for determining whether a given enterprise qualifies as an SME or falls within the size category of micro, small or medium-sized enterprises.

- or charging rules under internal energy market legislation, or
 - investment related to electricity storage and gas storage projects.
- The grant may be awarded if, as a result of the grant:
 - The total investment costs can be covered by the grant.
 - The grant intensity cannot exceed 100% of the funding gap³ and the grant must be limited to the minimum amount necessary to carry out the subsidised project.

4.3.5 In case of de minimis aid

Aid granted under this Call for Proposals qualifies as de minimis aid and may only be granted in line with the rules of the general de minimis Regulation. The gross grant equivalent of any general de minimis aid⁴ under the de minimis Regulation granted in Hungary to any single undertaking⁵ shall not exceed EUR 300 000 over any period of 3 years, taking into account Article 3 paragraph 8 and 9 of the general de minimis Regulation, which contain additional provisions for mergers, acquisitions and undertakings splitting into two or more separate undertakings.

The beneficiary must submit a declaration in accordance with Article 7 paragraph 4 of the general de minimis Regulation about any other de minimis aid received to which the general de minimis Regulation or other de minimis regulations apply over any period of 3 years.

With a direct reference to the general de minimis Regulation the aid grantor shall inform the beneficiary by issuing a certificate stating the amount of the aid expressed in gross grant equivalent and its de minimis character, in accordance with Article 7 paragraph 4 of the general de minimis regulation.

The conversion of the aid between EUR and HUF shall be carried out in accordance with Article 35 of Government Decree 37/2011. (III. 22.) on procedures relating to State aid measures under EU competition law and the regional aid map.

According to Article 1 paragraph 1 of the general de minimis Regulation aid shall not be granted:

- undertakings active in the primary production of fishery and aquaculture products as defined in points (a) and (b) of Article 5 of Regulation (EU) No 1379/2013.
- undertakings active in the processing and marketing of fish and aquaculture products as defined in points (a) and (b) of Article 5 of Regulation (EU) No

³ In line with Article 2 point 118 of Commission Regulation 651/2014/EU 'financing gap' means the net additional cost, defined as the difference between the economic revenues and costs (including investment and operating costs) of the supported project on the one hand and the economic revenues and costs of an alternative project that the beneficiary of the grant would have undertaken in the absence of the grant on the other. In order to establish the financing gap, the Member State must quantify all the main costs and revenues, the estimated weighted average cost of capital (WACC) of the beneficiaries for discounting the future cash flow, and the net present value of the actual and counterfactual scenarios over the lifetime of the project. The typical net incremental cost over the life of the reference project can be estimated as the difference between the net present value of the actual situation and the counterfactual scenario;

⁴ The gross grant equivalent can be calculated on the basis of Article 4 of the general de minimis Regulation.

⁵ Undertakings within the meaning of Article 2 Section 2 of the general de minimis regulation are considered to be one and the same undertaking.

1379/2013, where the amount of aid is determined on the basis of the price or quantity of products purchased or placed on the market;

- undertakings active in the primary production of agricultural products,
- undertakings active in the processing and marketing of agricultural products, in one of the following cases:
 - where the amount of aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned;
 - where the aid is conditional on being partly or entirely passed on to primary producers;
- aid granted to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, the establishment and operation of a distribution network or other current expenditure linked to the export activity;
- aid contingent upon the use of domestic goods and services over imported goods and services.

Where an undertaking is active in one of the sectors referred to in paragraph 1, points (a), (b), (c) or (d) of the general de minimis Regulation or and is also active in one or more of the other sectors falling within the scope of the general de minimis Regulation or has other activities falling within the scope of the general de minimis Regulation, the general de minimis Regulation shall apply to aid granted in respect of the latter sectors or activities, provided that the beneficiary concerned ensures, by relying on appropriate means such as separation of activities or separation of accounts, that the activities in the sectors excluded from the scope of the general de minimis Regulation do not benefit from the de minimis aid granted in accordance with the general de minimis Regulation.

Aid granted under the general de minimis Regulation may be cumulated⁶ with any other de minimis aid up to the maximum aid ceilings laid down in the relevant regulations.

General de minimis aid may be cumulated with State aid in relation to the same eligible costs or with State aid for the same same risk finance measure, provided that such cumulation does not result in exceeding the highest relevant aid intensity or aid amount fixed in the specific circumstances of each case by a block exemption regulation or a decision adopted by the Commission.

Aid payable in several instalments shall be discounted to its value at the moment it is granted. The interest rate to be used for discounting purposes shall be the discount rate applicable at the time the aid is granted.⁷

All records shall be kept of the registered information on the general de minimis aid for 10 years from the date on which the aid was granted and must be provided by the beneficiary at the aid grantor's request. On request by the European Commission

⁶ General de minimis aid may be cumulated with de minimis aid for agriculture under Commission Regulation (EU) No 1408/2013 and de minimis aid for fisheries under Commission Regulation (EU) No 717/2014 up to EUR 300,000, and with de minimis aid for services of general economic interests under Commission Regulation (EU) No 2023/2832 up to EUR 750,000.

⁷ The applicable reference rate is available here: <https://tvi.kormany.hu/referencia-rata>

information shall be provided within 20 working days on aid granted under the general *de minimis* Regulation.

For matters not regulated in this call, the Implementing Decree, the general *de minimis* Regulation and I-II.Chapters of Commission Regulation 651/2014/EU and its Articles 41 and 48 provide guidelines.

For the determination of the intensity of support for each activity and the own contribution required for its implementation, see point 3. Annex.

5. ELIGIBLE PROFESSIONAL ACTIVITIES

The main objective of this Call for Proposals is to increase the use of geothermal energy sources, by supporting the following geothermal energy production activities.

I. Upgrading and refurbishment of existing thermal wells (active or closed, producing and/or flowback) and conversion of unused state-owned barren hydrocarbon wells with untapped geothermal potential into a thermal well to increase sustainable geothermal energy production.

- I.1. Installation of new well or surface pump(s) to increase the capacity of thermal wells operated for geothermal energy production purposes;
- I.2. Increasing the capacity of production and injection wells used for geothermal energy production by carrying out other modernisation and well engineering works;
- I.3. Renovating and converting an abandoned geothermal or barren hydrocarbon wells to geothermal heat production.

Eligibility conditions:

- The capacity increase to meet proven increased user demand or to replace fossil energy sources.

Mandatory indicators for all planned activities:

Quantification of the increase in geothermal energy production as a result of the activity in absolute (GJ/year) or relative (% increase) terms compared to the baseline before the start of the activity.

II. Activities to support the environmentally friendly and energy efficient production and use of geothermal energy.

- II.1. Construction and commissioning of equipment for the utilisation of thermal water fugitive gas.
- II.2. Construction and expansion of cascade systems to an existing system, including installation and commissioning of heat pump(s).

Eligibility conditions:

- In the case of the activity defined in point II.1:
The use of fugitive gas can be supported only and exclusively in connection with the extraction of a quantity of thermal water that justifies the supply of the verified heat demand.
- In the case of the activity defined in point II.2: Only heat pump applications with an SPF (Seasonal Performance Factor) above 4.5 can be supported.

Mandatory indicators for all planned activities:

Quantification of the increase in geothermal energy production as a result of the activity in absolute (GJ/year) or relative (% increase) terms compared to the baseline before the start of the activity.

OR

Annual greenhouse gas emissions (tCO₂) reduced as a result of the activity.

III. Construction of new geothermal heat transfer stations, expansion and modernisation of existing producer heat centres

III.1. Construction and expansion of geothermal heat transfer stations (installation of heat exchangers, installation of circulation pumps, control and measurement equipment).

Eligibility conditions:

- The activity is aimed at meeting proved user needs.

Mandatory indicators for all planned activities:

Quantification of the increase in geothermal energy production as a result of the activity in absolute (GJ/year) or relative (% increase) terms compared to the baseline before the start of the activity.

IV. Buildings or parts of buildings owned and used for the performance of public tasks by organisations referred to in Paragraph 5 Chapter (1) point c) of the Act (CXLIII) of 2015 on Public Procurement and Paragraph 7 Chapter (2) (a) to (d) of the Act (CCVI) of 2011 on the Right to Freedom of Conscience and Religion and on the Legal Status of Churches, Religious Denominations and Religious Communities, as the connection of newly connected users to a heat supply system that also uses geothermal energy.

IV.1. Construction of a heat transfer pipe for connection to the existing geothermal heat supply system.

Eligibility conditions:

- The newly connected building has building energy characteristics equivalent to geothermal heating, as determined by the system operator

(building energy upgrades - insulation, replacement of doors and windows - are not supported under this call).

- Activity III can support the construction of the heat transfer station required for the connection and the extension and modernisation of the heating centre to serve new consumers.

Mandatory indicators for all planned activities:

Number of new users (pcs) connected to the heating system as a result of the activity and their heat demand met by geothermal energy (GJ/year).

V. Connection of an existing or newly installed geothermal heat generation unit (e.g. thermal well) to the existing district heating system (up to the producer heat centre).

V.1. Construction of a geothermal heat transmission line in order to connect to the existing geothermal heat supply system.

Eligibility conditions:

- The system expansion is in response to a proven increase in user demand or to replace the use of fossil energy sources.

Mandatory indicators for all planned activities:

Quantification of the increase in geothermal energy production as a result of the activity in absolute (GJ/year) or relative (% increase) terms compared to the baseline before the start of the activity.

VI. Description of granted civil activities

In addition to the activities aimed at the production of geothermal energy, the civil partner to be selected may carry out the following activities to reduce economic and social disparities in the region affected by the planned programme component.

- Optional activities (e.g. promotional events, publications) to support the social take-up of the results of the application
- Optional activities to promote environmental awareness among the population in the regions affected by the investment (e.g. informative presentations, school competitions).
- Optional activities to strengthen the ability of people living in the regions affected by the investment to participate in environmental decision-making processes (e.g. public forums).

For each NGO involved by the applicant, a minimum of 1 and a maximum of 5 NGO activities must be defined in the application.

Mandatory indicators for all planned activities:

Number of verified people reached/addressed by the activity (person).

6. THE TIME AVAILABLE FOR IMPLEMENTATION

Implementation of the programme component will start on the date specified in the Grant Contract.

The period available for the implementation of the granted program component is 36 months which can be amended in accordance with the Paragraph 38 section (6) point b) and section (7) of the Implementation Decree.

7. ELIGIBLE AND NON-ELIGIBLE COSTS

It relates to the accountability conditions for implementing the programme component:

- General Application Guidelines Chapter 4.2
- The detailed accounting rules are contained in 1 Annex to the General Application Guidelines and the Eligibility Manual, which is the Annex of the Implementation Guide.

Provisions on the accountability of the grant awarded for the implementation of the beneficiary's programme component will be included in the Grant Contract.

Only costs incurred between the start and end dates specified in the Grant Contract, which are closely related to the implementation of the eligible professional, civil and management activities and which comply with the principles of the Cooperation Programme and the objectives of this Call for Proposals, may be charged. Costs incurred after the submission of the final report and the request for final payment will not be considered.

Preparatory activities⁸ carried out before or outside the period of use specified in the Grant Contract do not count as the start of the programme component and therefore their costs are not eligible.

In accordance with the basic principles of accountability and based on the budget template developed jointly with the Swiss side, the accountable cost categories are as follows.

- a) (Programme component) Management (optional, but may only be carried out by the applicant)
- b) Supported civil society activity(ies)
- c) Supported professional activity(ies)
- d) Publicity (activity may only be carried out by the applicant)

⁸ e.g. preparation of the feasibility study, business plan, technical plans necessary for the submission of the application

The costs incurred can be allocated to the following cost lines within the cost category:

- a) Staff cost
- b) Office and administrative expenditure
- c) Travel and accommodation costs
- d) Information and communication
- e) External expertise and services costs
- f) Equipment and IT system expenditure
- g) Infrastructure and works

The applicant must prepare and submit a budget accordingly. Detailed rules on the content of each cost line are set out in the Implementation Guidelines and their annexes.

Amount of the grant awarded for the implementation of the programme component:

- up to a maximum of 5 % of the total amount of the grant for the component, with a maximum of HUF 10 million, may be used to cover management costs,
- up to 5%, with a maximum of HUF 35 million, to cover the costs of the mandatory civic participation in the partnership,
- up to 1.5%, with a maximum of HUF 5 million, to ensure the publicity of the programme component..

The remaining amount will be used to cover the costs of implementing the proposed supported professional activity(ies).

8. HOW AND WHEN TO SUBMIT YOUR APPLICATION

The general conditions for submitting an application are set out in chapter 6.1 of the General Application Guidelines.

8.1 Method of submitting the application

The application form SM06-GEO and the required annexes may be submitted electronically via the Cooperation Programme's application interface CHRIS by the deadline specified in point 8.3 of this Call for Proposals, in accordance with the requirements set out below:

- a) The electronic application form with the relevant data, in English, completed in full.
- b) The electronic annexes provided for in this Call for Proposals have been submitted in full, in the required format and within the required time limits.
- c) The applicant's declaration uploaded in CHRIS was uploaded with an Identification Based Document Authentication by the person duly authorised to make the declaration.
- d) The planned implementation period of the programme component in the proposal fits within the implementation timeframe specified in the Call for Proposals (within the timeframe specified in the Call for Proposals)

Only the formal requirements can be completed once via the CHRIS application interface. In the event that the submitted application does not meet the formal requirements, the Intermediate Body will invite the applicant to submit a completion. The deadline for completing the application is 5 working days. Further conditions for the completion are set out in point 6.2.2 of the General Application Guidelines.

8.2 Documents to be submitted as part of the application

The requirements for the submission of the application, the content of the application form and the mandatory annexes are described in chapter 6.1 of the General Application Guidelines and in the CHRIS interface. The table below summarises the mandatory annexes to be submitted for this Call for Proposals SM06-GEO.

	Annex type	Applicant	Partner
1	Declaration by the applicant accepting the terms of the call (automatically generated in CHRIS when the application form is submitted) The declaration must be certified by the person authorised to represent the applicant.	x	
2	Specimen signature, less than 90 days old, in original language	x	x
3	Commercial register/Deed or proof of incorporation / statutory registration, less than 90 days old, in original language	x	x
4	Accounts for the last two financial years, in original language	x	x
5	Declaration of SME qualification (if relevant)*	x	x
6	Declaration of eligibility and other conditions signed by the persons authorised to sign. *	x	x
7	De minimis declaration*	x	
8	Certificate of exemption from public debt, less than 30 days old, in original language	x	x
9	Description of programme component*	x	
10	Quotations, published price lists, , justifying the conformity of the cost items presented in the budget with the market price, in original language	x	
11	Design cost estimate, in original language	x	
12	Title deeds or other documents (e.g. owner's consent, lease agreement, pre-contract for the sale of the property, etc.), in original language	x	
13	Legal authorisation to start all activities (at the latest by the date of conclusion of the Grant Contract), in original language	x	
14	Documents proving the possession of the licences	x	

	Annex type	Applicant	Partner
	and permits listed in the conditions of eligibility for the eligible activities, in original language		
15	Letter of intent for partnership cooperation from the partners named in the application*, mandatory to submit with the application	x	
16	CVs of the professionals involved in the implementation of the programme component, in English	x	
17	Project management (if chosen) organisation chart and description, in English	x	
18	Financing gap calculation (according to Annex 2), in Hungarian	x	
19	Communication plan ⁹ , in English	x	
20	Other documents	x	

For annexes marked with an *, the template is available at <https://svajcialap.hu/dokumentumok/energiahatekonysag> and must be completed and submitted in the language indicated there.

8.3 Deadline for submission of applications

Deadline for electronic submission of this Call for Proposals: no later than 90 days after the publication of this call.

8.4 Request for additional information

For further questions in Hungarian, please write to svajcialapgeo@szechenyiprogramiroda.hu or send an e-mail to svajci@szpi.hu. In the subject line of the e-mail, please indicate 'SM06-GEO'. Questions will be answered by e-mail within 3 working days of receipt as additional information.

Attention!

The requested additional information will only be guaranteed by the Intermediate Body before the deadline for submission of the proposal if the request is made no later than 5 working days before the deadline for submission of the proposal. It is the applicant's sole responsibility to ensure that his/her request for information reaches the address provided in time!

The Programme Operator would like to point out that the information provided in the manner indicated above is for additional information only and does not constitute a modification of this Call for Proposals and that no responsibility whatsoever is accepted by the Programme Operator or the Intermediate Body in relation to the answers given.

⁹ For more on the content requirements, see Chapter 12.

8. SELECTION CRITERIA, DECISION AND COMPLAINT MECHANISM

Please note that when completing the application form, care must be taken to ensure that the content and length requirements set out in this Call for Proposals and in the online guidelines are strictly adhered to. The order in which applications are received will in no way affect their evaluation.

If the format of the application form is changed, the application will not be processed.

The evaluation and approval of the proposal as detailed in this chapter will only apply to the start of the implementation of the programme component. The programme component eligible under the submitted application must be carried out at the applicant's own expense, with reimbursement of costs in the form of ex-post financing, subject to the progress report on the implementation of the programme component as defined in the application, up to the amount of the grant awarded.

The selection process (verification of the admission criteria, formal requirements and professional evaluation), decision-making and objection handling are described in chapter 6.2 of the General Application Guidelines.

Admission criteria	Yes	No
The applicant falls within the categories set out in point 3.1(a) or (b) of this Call for Proposals		
The applicant partner(s) receiving a grant falls within the categories set out in point 3.1(a), (b) or (c) of this Call for Proposals		
Civil society organisation involved		
The Applicant's declaration of acceptance of the terms of the Call for Proposals has been uploaded to CHRIS.		

There is no possibility to complete for missing admission criteria.

The following annex is required for the assessment of the eligibility criteria:

- Commercial register/Deed or proof of incorporation/statutory registration, less than 90 days old, in original language (to be attached for both applicant and partners)

Formal requirements	Yes	No
The submitted application form is complete and formally correct		
The set of annexes to be attached electronically must be complete or formally completed		
The declarations uploaded in the CHRIS system were signed by the persons authorised to represent the applicant		
The amount of grant requested is in line with the minimum and maximum amounts of grant that may be awarded under the Call for Proposals		

The duration of implementation and the final date for implementation are in line with the deadline set out in the Call for Proposals		
The application form was completed in the language (English) specified in the Call for Proposals		
Mandatory activities have been undertaken		
Commitment of a mandatory indicator for activity(ies) has been made		

If the application does not meet the formal requirements set out in the Call for Proposals, the Intermediate Body shall request the applicant to submit a completion within 5 working days in accordance with the General Application Guidelines.

The professional evaluation:

The specifications for the professional evaluation of applications eligible for funding on the basis of a content evaluation (meeting the admission and formal criteria) are set out in chapter 6.2.3 of the General Application Guidelines. The professional evaluation of applications will be carried out by two pairs of experts per proposal on the basis of the content evaluation criteria listed in Annex 1.

The professional evaluation of a proposal will be carried out first from a project management and financial point of view, for which the procedures foreseen in chapter 6.2.3 of the General Application Guidelines will be applied in case of a 30% discrepancy.

If, on the basis of the project management and financial evaluation, the application does not achieve the minimum eligibility score as set out in Annex 1, the application will be rejected without further technical geothermal evaluation.

The decision to support the application will be taken by the SM06-GEO Programme Steering Committee, composed of one representative from each of the following organisations:

- National Coordination Unit
- Széchenyi Programme Office (Intermediate Body)
- Ministry of Public Administration and Regional Development (MPRD), Programme Operator Department (Programme Operator)
- Swiss Contribution Office
- Ministry of Energy (programme partner)
- University of Miskolc, Faculty of Earth and Environmental Engineering

9. GRANT CONTRACT

The Grant Contract is concluded between the Ministry of Public Administration and Regional Development (MPRD), as the Programme Operator, and the Beneficiary, as the Programme Component Operator, on the basis of this Call for Proposals. The Grant Contract will be countersigned by Széchenyi Programme Office Nonprofit Ltd. as the Intermediate Body.

The submission of the signed Partnership Agreements(s) is a precondition for conclusion of the Grant Contract.

The conditions for the conclusion of the Grant Contract are set out in Chapter 7.2 of the General Application Guidelines.

10. FINANCIAL CONDITIONS

Financial conditions for the conclusion of the Grant Contract.

11.1 Composition and verification of own resources

The general requirements for the composition and verification of own resources are set out in Chapter 5.2 of the General Application Guidelines.

No in-kind contributions are accepted as applicant's own contribution under this Call for Proposals.

The applicant and its partners are required to provide their own contribution for the activities to be carried out, taking into account the State aid rules, in which Annex 3 may be of assistance.

Proof of the balance of the total contribution for the same calendar day, dated no more than 30 days after the date of submission, is a condition for the conclusion of the Grant Contract.

The irrevocable bank promissory note or the bank loan agreement specified in the General Application Guidelines must be submitted by the grant applicant to the Intermediate Body at the latest before the conclusion of the Grant Contract. If the terms and conditions of the promissory note or loan agreement affect the amount of the grant as set out in the grant decision, the Intermediate Body shall initiate an amendment of the grant decision with the Programme Operator.

11.2 Obligations relating to the provision of security

The general provisions concerning the securities that may be posted by the Programme Operator are set out in Chapter 5.3 of the General Application Guidelines.

As a security for the total amount of the grant awarded under this grant scheme, the Beneficiary shall provide the Programme Operator with a direct debit authorization (collection of payments) letter for all its legally debitable payment accounts, and shall proceed in accordance with the relevant provisions of the General Application Guidelines.

11.3 Advance payment

Under this Call for Proposals, applicants may apply for an advance payment of at least 25 % but not more than 50 % of the grant awarded.

Any advance payment more than 25% will be determined individually in the Beneficiary's Grant Contract.

The minimum conditions for the payment of the advance are set out in chapter 5.4.1 of the General Application Guidelines of the Grant Contract, and further rules for the settlement of the advance are set out in the Grant Contract. Further rules on the use of the advance and the accounting of the advance shall be laid down in the Grant Contract to be concluded with the Beneficiary.

11.4 Request and payment of the grant

The rules on how to apply for and receive the grant are set out in chapter 5.4.2 of the General Application Guidelines.

Grants awarded under this Call for Proposals may be paid only by post-financing, on the basis of a payment request and progress report submitted in accordance with the reporting schedule specified in the Grant Contract. Supplier financing is not possible.

The payment application and progress report will be submitted electronically via the CHRIS interface, as specified in the Grant Contract, in accordance with the general rules.

11.5 Monitoring and controlling the implementation of the programme component

General requirements for monitoring and control of the implementation of the programme component are set out in Chapter 8 of the General Application Guidelines. In the present Call for Proposals, progress reports are required every 6 months.

11.6 Maintenance Period

The Beneficiary is obliged to ensure the maintenance of the investments of the Programme Component at the address indicated in the application, as stipulated in the Grant Contract, for a minimum period of 5 years.

The Programme Operator shall provide for the creation of a maintenance fund for the maintenance of the activities supported under I-III by opening a separate bank account, to which the beneficiary concluding the Grant Contract shall pay 0.5% of the total eligible costs of the programme component per year, as specified in the Grant Contract. During the maintenance period, the maintenance fund may be used for activities to ensure the conservation and proper functioning of the assets, facilities and buildings and to maintain the results, excluding routine expenditure of a general nature necessary for the ongoing operation. The Grant Contract may provide for additional maintenance obligations for all supported activities. Compliance with the maintenance obligation shall be verified by the Programme Operator with the involvement of the Intermediate Body until the end of the maintenance period specified in the Grant Contract. Failure to comply with the maintenance criteria may give rise to the opening of an irregularity procedure and/or the obligation to repay the grant.

11. INFORMATION REQUIREMENTS

The general provisions regarding the obligations of the beneficiary/programme component operator with regard to ensuring publicity are contained in Section 4.1.1 of the General Application Guidelines.

After the first clearance of accounts, an information sign in accordance with the visual elements defined in the Communication Manual shall be placed at the site where the programme component is implemented. The location may influence the material to be used for the plaque and the fixings or scaffolding required for its installation. Durability and cost-effectiveness are the main considerations for the placement of information panels.

Beneficiaries are required to organise at least one opening and one closing event for each programme component. Several beneficiaries may jointly organise an opening event or a closing conference.

12. ANNEXES

Documents to be submitted, available at

<https://svajcialap.hu/dokumentumok/energiahatekonysag:>

1. Professional evaluation criteria for the selection of the programme component
2. Guidelines for calculating the economic characteristics of the planned investments
3. Guide to calculating the grant intensity and the level of own contribution required for each of the activities supported
4. Information on data protection and data management

Documents containing further information necessary for the submission of applications, available at <https://svajcialap.hu/dokumentumok/altalanos:>

5. General Guidelines for the selection of Programme Components and Final Beneficiaries for the second Swiss-Hungarian Cooperation Programme
6. Implementation guidelines and annexes
7. Grant Contract template
8. Partnership Agreement template