



**Rules applying to the RD&D programmes
ForskEL, ForskNG and ForskVE**

Tonne Kjærsvvej 65
DK-7000 Fredericia
Tel. +45 70 10 22 44
Fax +45 76 24 51 80

info@energinet.dk
www.energinet.dk
VAT no. 28 98 06 71

1. INTRODUCTION **3**

APPLICATION **4**

1.1	GENERAL CONDITIONS	4
1.2	BUDGET	4
1.3	INTERNATIONAL PROJECTS AND PARTNERS	4
1.4	COMMERCIALISATION	4
1.5	CONFIDENTIALITY	5
1.6	STATE-AID RULES	5
1.6.1	TABLE OF EU INTENSITIES OF AID	5
1.6.2	TABLE OF EU DEFINITION OF ENTERPRISE SIZE	7
1.6.3	FURTHER INFORMATION REGARDING STATE-AID RULES	7

21 May 2012
JBH/AKN

2. CONTRACT **8**

2.1	OBLIGATORY APPENDICES TO THE CONTRACT	8
2.2	PROJECT AGREEMENTS	8
2.3	PROJECT PARTICIPANTS	8
2.4	DEVIATIONS	8
2.5	DANISH ENERGY R&D PROJECTS DATABASE	8

3. PROJECT START-UP **9**

3.1	USE WWW.FORSKEL.DK	9
3.2	COST & EXPENSES COVERED BY ENERGINET.DK	9
3.2.1	PAYROLL COSTS	9
3.2.2	OVERHEADS - PRIVATE AND PUBLIC ENTERPRISES/INSTITUTIONS	9
3.2.3	TRAVEL AND ACCOMMODATION	10
3.2.4	EXTERNAL SERVICES	10
3.2.5	ACQUISITION OF MACHINERY, EQUIPMENT AND MATERIALS	10
3.2.6	OTHER COSTS	10
3.2.7	ELECTRICITY PRODUCTION (ONLY FOR FORSKVE PROJECTS)	10

4. PROJECT EXECUTION **11**

4.1	INTERIM REPORT	11
4.1.1	DISBURSEMENT OF FUNDING	11
4.1.2	APPROVAL OF THE INTERIM REPORT & THE FINANCIAL APPENDIX	11
4.2	REPORTING SIGNIFICANT DEVIATIONS	11
4.3	REORGANISATION	11
5.	<u>PROJECT COMPLETION</u>	12
5.1	FINAL REPORT	12
5.2	FINANCIAL STATEMENT (FINANCIAL APPENDIX)	12
5.3	AUDIT	12
5.3.1	AUDITED FINANCIAL STATEMENT (PRIVATE ENTERPRISES)	13
5.3.2	AUDITED FINANCIAL STATEMENT (PUBLIC INSTITUTIONS)	13
5.4	RESTRICTED PUBLICATION	13
6.	<u>LIABILITY, RIGHTS AND LEGISLATION</u>	14
6.1	LIABILITY & RIGHTS	14
6.2	LEGISLATION	15
6.2.1	DANISH ELECTRICITY SUPPLY ACT (FORSKEL)	15
6.2.2	ACT ON PROMOTION OF RENEWABLE ENERGY (FORSKVE)	15
6.2.3	DANISH NATURAL GAS SUPPLY ACT (FORSKNG)	15
6.3	DISQUALIFICATION	15

1. Introduction

These rules sets out the general principles governing the implementation of projects under the ForskEL, ForskVE and ForskNG programmes, i.e. the administrative requirements as project description, budget, conditions for disbursement of funding, reporting etc.

This document is divided into the following sections:

Section 2 - Application

Section 3 - Contract

Section 4 - Project start-up

Section 5 - Projects execution

Section 6 - Project completion

Section 7 - Liability, rights and legislation

As a general rule, all documents relating to the projects must be completed in English. By exemption Energinet.dk can on a case by case basis accept documents in Danish.

Application

1.1 General conditions

Applicants to the ForskEL, ForskVE and ForskNG programmes must via www.forskel.dk, obtain a username and password which makes the applicant able to submit their application. The application must be submitted using the online application form at www.forskel.dk. By submitting the application, the enterprise/institution managing the project and the other project participants confirm that they are willing to undertake the project. After the deadline for submitting the application, additional materials and information about the project will not be taken into consideration in the evaluation, unless it is required by the programme administrator.

1.2 Budget

The financial appendix (Budget) must be used in order to fill in and submit the budget when applying for funding. The template for the financial appendix is found at www.forskel.dk. Remember that the applicant must be a registered user of www.forskel.dk, in order to be able to fill in the financial appendix.

The budget must in a realistic way reflect the project description and time schedule. The budget must in the financial appendix, be dispersed between the project phases, including a statement of when the project will submit an interim report in order for funding to be disbursed. The budget for each of these phases must reflect the work expected to be conducted. Furthermore, the budget must state the allocation of the total costs among the enterprises participating in the project which includes the following:

- Costs (view section 4.2 - Cost & expenses covered by Energinet.dk)
- Funding (view section 2.6 - State-aid rules)
- Revenues and residual value (view section 6.1 - Revenues and residual value)
- Comments (for comments on the total budget).

1.3 International projects and partners

Energinet.dk encourages and supports applicants in participating in international projects in order to gather new and updated know-how. This way the funds are leveraged and Danish science is benchmarked. Projects receiving top-up funding by the ForskEL-, ForskVE- or ForskNG-programmes are obligated to disseminate activities and results from the project, also on national level.

It is possible for international partners to participate in ForskEL projects provided the project is of benefit to the Danish Electricity Consumers. International enterprises observe the same rules as Danish enterprises, but adjusted to the cost level of the country concerned. The financial appendix must contain a brief account of how the costs have been determined. International applicants/project managers are not accepted.

1.4 Commercialisation

It is a requirement that projects which are funded by the ForskEL and ForskNG programmes may not present a short-term commercial interest for the project participants. It is part of Energinet.dk's risk appetite that the projects must

contain risk elements and that the projects cannot guarantee a successful proof of concept prior to project start. You can find more about our risk appetite at our website www.energinet.dk. This rule does not apply for projects in the ForskVE programme since these projects, in their nature, are closer to commercialisation.

1.5 Confidentiality

Energinet.dk is assigned to the Danish Access to Public Administration Files Act (Lov om offentliggørelse af forvaltningen).

The financial appendix is always treated in confidence since the information provided in this may be of a commercial nature.

1.6 State-aid rules

The ForskEL, ForskNG and ForskVE programmes are regulated according to the EU rules concerning state-aid for research, development and demonstration projects. The state-aid rules are aimed at preventing competitive distortion between enterprises, which means that there is an upper limit to the share of a project's total costs that can be covered by funding. Note that Energinet.dk is interested in as high an own financial contribution as possible.

1.6.1 Table of EU intensities of aid

As a general rule, the following guidelines apply with regard to how much a project can receive as funding. The funding intensity is based on the project type and the size of the enterprise.

	Small enterprises	Medium-sized enterprises	Large enterprises
Basic research	100%	100%	100%
Industrial research	70%	60%	50%
Industrial research with: <ul style="list-style-type: none"> - collaboration between enterprises - cross-border collaboration or collaboration with at least one small or medium-sized enterprise (for large enterprises only) - collaboration between an enterprise and a research institution - dissemination of results 	80%	75%	65%
Experimental development	45%	35%	25%
Experimental development with: <ul style="list-style-type: none"> - collaboration between enterprises - cross-border collaboration or collaboration with at least one small or medium-sized enterprise (for large enterprises only) - collaboration between an enterprise and a research institution 	60%	50%	40%

1.6.2 Table of EU definition of enterprise size

The definitions are given in Commission Recommendation 2003/361/EC of 6 May 2003 or in the Commission's summary at:

http://europa.eu/legislation_summaries/enterprise/business_environment/n26026_en.htm

Size:	Staff headcount	Annual turnover	Balance-sheet total
	And		Or
Large enterprise	≥ 250	> EUR 50m	> EUR 43m
Medium-sized enterprise	< 250	≤ EUR 50m	≤ EUR 43m
Small enterprise	< 50	≤ EUR 10m	≤ EUR 10m

1.6.3 Further information regarding state-aid rules

Please view the following links:

Conditions:

Danish version:

http://eur-lex.europa.eu/LexUriServ/site/da/oj/2006/c_323/c_32320061230da00010026.pdf

English version:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:323:0001:0026:EN:PDF>

The European Commission's handbook on community state-aid rules:

Danish version:

http://ec.europa.eu/competition/state_aid/studies_reports/sme_handbook_da.pdf

English version:

http://ec.europa.eu/competition/state_aid/studies_reports/sme_handbook.pdf

2. Contract

A contract is drawn up for all approved projects. The contract is based on the legislation and executive orders specified in section 7.2, and on the approved application including appendices.

2.1 Obligatory appendices to the contract

- Approved application
- Financial appendix (budget)
- Audit instructions
- The rules for applying for the RD&D programmes ForskEL, ForskNG and ForskVE.

2.2 Project agreements

The enterprise/institution responsible for the project is obliged to draw-up the necessary co-operation agreement with all project partners and subcontractors to ensure that they are also bound by Energinet.dk's project participation requirements. Energinet.dk is entitled to familiarise itself with these agreements but needs not to approve the agreements.

Energinet.dk recommends the model agreements developed by the Ministry of Science, Technology and Science. The model agreements are available on the following website: <http://en.fi.dk/innovation/model-agreements>.

2.3 Project participants

- All project participants must be listed in the contract
- If a project subcontractor is responsible for more than 10 per cent of the contract sum (min. DKK 500,000) then the subcontractor must be assigned as a project partner.

2.4 Deviations

- Any deviations from the present rules must be stated in the contract or in its appendices
- Any subsequent alterations to the original contract must be made in writing in the form of an appendix to the original contract.

2.5 Danish Energy R&D Projects database

For the contract to take effect, information included in the Project "Data Sheet" at www.forskel.dk, will by Energinet.dk be submitted to and published at the common information portal "Energiforskning.dk".

<http://www.energiforskning.dk/> (Danish)

<http://dev.energiforskning.omega.oitudv.dk/en?language=en> (English)

3. Project start-up

The project is allowed to begin after the contract is signed by both the enterprise/institution responsible for the project and Energinet.dk. Energinet.dk may allow a project to start before the signing of the contract. The enterprise/institution responsible for the project must argue why it is necessary for the project to start-up prior to the contract signing. Permission must be given in writing by Energinet.dk, stating the conditions on which such earlier project start has been allowed.

3.1 Use www.forskel.dk

The enterprise/institution responsible for the project must during the project period use www.forskel.dk in order to submit all official documents. Furthermore, the enterprise/institution responsible for the project must on an ongoing basis maintain the Data Sheet and the financial appendix at www.forskel.dk.

3.2 Cost & expenses covered by Energinet.dk

Project costs can be incurred as from the date on which the contract is signed by both parties and until the final report is submitted. The following costs and expenses can be covered by Energinet.dk. Any other types of cost and expenses are as a general rule not covered by Energinet.dk:

- Payroll costs (3.2.1)
- Overheads (3.2.2)
- Travel and accommodation (3.2.3)
- External services(3.2.4)
- Acquisition of machinery, equipment and materials (3.2.5)
- Electricity generation (3.2.6).

Please note that **VAT** is not included as a cost covered by Energinet.dk.

3.2.1 Payroll costs

Funding for payroll costs is granted on the basis of the actual pay disbursed to the persons involved (payroll costs covered are; salary, holiday and pension allowances). The budget which forms the basis for the funding granted may allow for reasonable pay increases during the project period. Annual pay and hourly rates must be documented on request. The amount of funding is not adjusted to reflect changes in pay levels and prices during the project period.

3.2.2 Overheads - Private and Public enterprises/institutions

Private enterprises/institutions may add overheads to the actual payroll costs constituting a maximum of 50 per cent of the payroll costs, to cover part of the indirect costs, while the rest must be covered by internal funding.

Public enterprises/institutions may add overheads to all costs and expenses, constituting a maximum of 35 per cent of costs and expenses. A 35 per cent overhead rate is only possible for new projects launched in accordance with the present rules applying from 1 June 2008. The disbursement of 35 per cent overhead rate does not apply for projects in progress, or to additional funding for projects in progress.

3.2.3 Travel and accommodation

Funding is provided for reasonable and project relevant travelling expenses on the basis of the actual travel expenses incurred by the person involved. Furthermore, funding is provided for reasonable and relevant accommodation expenses.

3.2.4 External services

Funding for external services covers expenses for work conducted by subcontractors. The work of the subcontractors must be described in the application and stated in the budget:

3.2.5 Acquisition of machinery, equipment and materials

Funding is provided for acquisition of project relevant machinery, equipment and materials. Standard IT equipment, office supply et cetera is not covered by funding.

3.2.6 Other costs

Other costs must be specified in the application and Appendix A. And the costs cannot be incurred before approved by Energinet.dk

3.2.7 Electricity production (only for ForskVE projects)

Funding for electricity production in connection with ForskVE projects is granted on the basis of the documented production of electricity to the grid. In addition to the funding under the ForskVE programme, electricity production based on RE can obtain support in accordance with section 6 of Act on promotion of renewable energy (Lov om fremme af vedvarende energi) (Law no. 1392 of 27 December 2008 on the Act on promotion of renewable energy as subsequently amended).

4. Project execution

4.1 Interim Report

The interim report must be drawn-up using the "Template - Interim Report" which can be found on our website www.energinet.dk. The Interim report must be drawn-up and delivered to Energinet.dk at least twice a year. Furthermore, the financial appendix must be updated with the financial aspects of the phase. The deadlines for submission of the interim reports and the financial appendix are decided on through an agreement with Energinet.dk. The interim report is mailed to the responsible case manager at Energinet.dk while the economy is updated in the financial appendix by the project on the project site at www.forskel.dk.

4.1.1 Disbursement of funding

In order for funding to be disbursed, the enterprise/institution responsible for the project must:

- Submit an interim report
- Submit an electronic invoice covering the costs and expenses of the period. The invoice must include the purchase order number as stated in the contract.

The interim report must be assessed and approved by Energinet.dk before funding can be disbursed. Special deadlines or conditions for disbursement may be agreed in the contract.

4.1.2 Approval of the interim report & the financial appendix

In order for the interim report and the financial appendix to be approved, Energinet.dk's team of evaluators will conduct a technical and financial assessment of the documents. And the funding will not be disbursed until both documents have been approved. If the material submitted is not sufficient, Energinet.dk will request further information or ask a third party with no commercial interests in the particular field to conduct a technical and financial assessment of the project.

If the interim report is not approved, the enterprise/institution responsible for the project is obliged to write a new report, taking into account the reason(s) for non-approval.

4.2 Reporting significant deviations

Energinet.dk must immediately be informed if any significant changes occur to:

- The technical content of the project
- The time schedule
- The financing and budget
- The organisation

4.3 Reorganisation

Enterprises, institutions or persons named in the contract can be replaced only after consultation with Energinet.dk. To implement such replacement, Energinet.dk must be notified in writing of the reasons for the replacement and must issue a written approval.

5. Project completion

When completing the project, the following documents must be submitted at www.forskel.dk and the data sheet updated:

- A final report with appendices
- A financial statement (financial appendix) for the entire project which must be signed by the responsible project manager
- An auditor's report (only for private enterprises)
- The project "Data Sheet" must be updated and finalised at www.forskel.dk.

The final report and financial statement (financial appendix) must be finalised and delivered to Energinet.dk at the date of project completion (on www.forskel.dk and a mail must be sent to the responsible case manager at Energinet.dk). The auditor's report must be forwarded to Energinet.dk no later than two month after project completion.

10 % of the funding is withheld until Energinet.dk has approved the Final report, the Data Sheet, the financial statement (financial appendix) and the auditor's report to financial appendix and the project cannot be completed before the above mentioned documents have been approved.

5.1 Final report

In order to complete a final report the template - Final Report must be used. The template can be found at our website www.energinet.dk.

The final report serves as basis for the evaluation of the results achieved in the project as well as for dissemination purposes. Therefore, please consider the wording when formulating the final report, so the report can be directed to different stakeholders. Energinet.dk will publish the final report at www.energiforskning.dk.

5.2 Financial statement (financial appendix)

The financial appendix must be updated with the economy for the last project period. Then the financial appendix must be compared to the original budget (also the financial appendix) and any deviations must be accounted for. If deviations have occurred then comments describing the reasons why must be made on the front page of the financial appendix. The front page of the financial appendix which sums up the entire project costs must be signed by the project manager and forwarded to Energinet.dk as a PDF file. Private enterprises must also deliver an auditor's report no later than two months after project completion.

5.3 Audit

Energinet.dk is entitled, on its own account, to have a state-authorized public accountant or another authorised person review the project costs. Furthermore, Energinet.dk is also entitled to unannounced audit visits to the enterprise/institution responsible for the project or to other enterprises or persons named in the approved application

5.3.1 Audited financial statement (private enterprises)

For private enterprises, the financial statement (financial appendix) must be audited by a state-authorized public accountant or a registered accountant. The audit must be carried out in compliance with instructions for the auditing of financial statements regarding research, development and demonstration projects to which PSO funding has been granted. Auditing expenses must be paid by the enterprise/institution responsible for the project.

5.3.2 Audited financial statement (public institutions)

For public institutions, the financial statements must be signed by the director or a signatory authorized by the director.

5.4 Restricted publication

In special cases, the Danish Energy Authority may accept that the results are not made available to the public, or that only a summary of the results is published, cf. section 20(2) of Executive Order no. 1463 of 19 December 2005. Requests for restricted publication must be submitted to Energinet.dk, and Energinet.dk will then forward the request to the Danish Energy Authority where a decision will be made as to whether the request can be granted.

6. Liability, Rights and legislation

6.1 Liability & rights

Energinet.dk shall under no circumstances incur any liability if the project infringes the rights of others, including patents or other intellectual property rights, or if the project in any other way incurs liability vis-à-vis any third party.

Energinet.dk may discontinue the funding and withdraw from a project if:

1. The project does not meet the agreed targets and keep within the agreed budget
2. Technical or political developments make continuation of the project meaningless or with substantially reduced benefits
3. The legal basis for funding is revoked
4. The project has been started under false pretences on the part of the enterprise/institution responsible for the project
5. The enterprise/institution responsible for the project, its organisation or partners do not comply with agreements made or acts grossly negligently or fraudulently
6. Any of the project partners are declared bankrupt or is granted a provisional suspension of payment or is declared in a similar legal status affecting the rights of creditors in general.

Re 2

- Any direct and documented costs incurred by the enterprise/institution responsible for the project in connection with the termination of the project will be covered
- Prior to this, an agreement must be made as to what extent the enterprise/institution responsible for the project must submit a report and to what extent the results achieved should be made available to the public
- Alternatively, Energinet.dk and the enterprise/institution responsible for the project may agree to redefine the project to align it with the new developments.

Re 4 and 5

- Energinet.dk is entitled to demand that the funding already disbursed is repaid
- In such situations, no claims for compensation may be made against Energinet.dk
- The enterprise/institution responsible for the project is entitled to terminate the contract by giving three months' written notice. Unless the contract is terminated by mutual agreement, Energinet.dk will be entitled to demand that the funding disbursed is repaid.

6.2 Legislation

The following rules are usually revised once a year to adjust procedures and update them in relation to legislative changes, etc. The rules replace the previous rules for obtaining funding from Energinet.dk and apply to all projects with contracts commencing after 1 January 2011.

6.2.1 Danish Electricity Supply Act (*ForskEL*)

According to section 29 of the Danish Electricity Supply Act (*Lov om elforsyning*) (Executive Order no. 516 of 20 May 2010 on the Danish Electricity Supply Act as subsequently amended), Energinet.dk is obliged to ensure the implementation of such research, development and demonstration (RD&D) activities as may be necessary for the utilisation of environmentally-friendly electricity generation technologies, cf. Part 6 of Executive Order no. 1463 of 19 December 2005 on the activities of transmission system operators and the use of the electricity transmission grid, etc. The programme under which the funding is granted, which is financed by PSO funds, is called *ForskEL*.

6.2.2 Act on Promotion of Renewable Energy (*ForskVE*)

According to section 49 of the Act on promotion of renewable energy (Executive Order no. 1392 of 27 December 2008 on the Act on promotion of renewable energy as subsequently amended), Energinet.dk is obliged to grant funding for the promotion of electricity generation plants with a small electricity generation capacity which are of importance to the future development of RE electricity. The programme under which this funding is granted is called *ForskVE*.

6.2.3 Danish Natural Gas Supply Act (*ForskNG*)

Energinet.dk is obliged to ensure that natural gas is transmitted with a high degree of security of supply and in a technically and environmentally acceptable manner, cf. section 9(1) of the Danish Natural Gas Supply Act (*Lov om naturgasforsyning*) (Executive order no. 1116 of 8 November 2006 on the Danish Natural Gas Supply Act as subsequently amended). The programme under which this funding is granted is called *ForskNG*.

6.3 Disqualification

The conditions of the Danish Public Administration Act (*Forvaltningsloven*), section 3(1) concerning disqualification due to a conflict of interest apply to the funding programmes. The rules apply to applicants who have ties to persons appointed to take part in the consideration of a project as well as to members of Energinet.dk's Supervisory Board, Energinet.dk's team of evaluators and caseworkers.

For further information, please contact:

Energinet.dk

Tonne Kjærvej 65

DK-7000 Fredericia, Denmark

Att.: Research & Environment Section

Email: forskel@energinet.dk

Websites: www.energinet.dk

www.forskel.dk