

AID SCHEME FOR INSTALLATION OF ENERGY STORAGE SYSTEMS IN COMBINATION WITH RENEWABLE ENERGY SOURCES (THE SCHEME)

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1 INTRODUCTION

1. The Scheme includes calls for proposals for EU **grants** targeting hybrid energy systems (combining renewable energy and storage installations) under the Just Transition Mechanism (JTM), Pillar I Just Transition Fund (JTF). The regulatory framework for this EU Funding Programme is set out in Regulation 2021/1056 (**JTF Regulation**).
2. The Scheme will consist of two main calls based on the interest received (Phase A and Phase B) and will be managed by the Ministry of Energy, Commerce and Industry (**MECI**) with the support of the Electricity Authority of Cyprus (EAC) for Phase A.
3. **Phase A** of the scheme will be supported by EAC Supply, the Distribution System Operator (DSO), and the Transmission System Operator (TSO). It will include only **investment aid** for supporting storage facilities without operating aid.
4. **Phase B** of the scheme will be supported by the two Grid Operators (DSO & TSO) and funded by the Renewable Energy Sources and Energy Conservation Fund (the RES Fund). Based on the available budget, it will include mainly operating aid in two-way Contracts of Difference (CFDs). MECI will be responsible for overseeing the Scheme's operation and functionality.

1.1 SCOPE OF SUPPORT

1. Investments in relation to renewable energy in accordance with Directive (EU) 2018/2001 of the European Parliament and of the Council, including the sustainability criteria set out therein, and in energy efficiency, including for the purposes of reducing energy poverty. The surge in energy prices following the Russian aggression against Ukraine has underscored the critical need to diminish reliance on imported fossil fuels and accelerate the energy transition. This involves expanding the cost-effective availability of renewable energy in alignment with the REPowerEU Plan. The measure also aims to bolster existing renewable energy projects to minimize power curtailments, which are currently exacerbated by the insufficient interconnectors and centralized energy storage facilities in Cyprus. Additionally, it seeks to advance the deployment of new renewable energy generation projects with storage, which are essential for progressing towards a net-zero economy.
2. Since Cyprus is not yet interconnected to Greece (Crete), its energy system operates independently without a wholesale electricity market (including forward, day-ahead, intra-day, and balancing markets). As a result, neither electricity producers nor suppliers are required to submit half-hourly or daily bids for their electricity production for customer loads. The System Operator

dispatches units aiming to minimize costs while maximizing the contribution of renewable energy sources (RES) and ensuring the island's energy supply security. Consequently, there is no established wholesale electricity price. Instead, the system operator calculates the monthly (or bi-monthly) local electricity price based on the methodology approved by the Cyprus Energy Regulatory Authority (CERA)¹.

3. The local electricity price for the EAC, the only regulated supplier, is determined based on the variable costs of conventional power units and the Regulatory Decision 112/20232, which stipulates the average cost of supported renewable energies under bilateral contracts with the EAC. As such, the dominant supplier EAC, purchases all generated electricity from all RES technologies at this avoidance cost, while all RES production is acquired at a fixed price through a one-way CfD, with the cap price set currently at 11 cents/kWh according to the afore-mentioned regulatory decision. Independent suppliers procure electricity from renewable sources via monthly bilateral contracts with producers. In the transitional market, any surplus energy from these suppliers is sold to EAC Supply, potentially incurring a minor penalty if it surpasses a specified threshold. Conversely, if their demand outstrips their supply, they purchase additional energy from EAC Supply at a fixed monthly price determined monthly by the Regulator.
4. Despite Cyprus's rich RES, about 80% of its electricity is still generated by thermal power plants using diesel and heavy fuel oil, leading to significant economic and environmental impacts. The development of new RES installations has largely halted in recent years, primarily due to grid saturation³. Applications for new grid connections for RES projects have not been approved as many areas have reached their system hosting capacity limits.
5. Without further investment in interconnections, (Cyprus-Crete interconnection is expected by 1st January 2030), Cyprus acknowledges that the current RES contribution – estimated at about 20% of the annual electricity demand – can only be increased by (i) integrating stand-alone storage facilities to assist new RES projects, and (ii) enhancing existing RES installations with additional storage capabilities.
6. The current call of the Scheme will focus on point (ii) above. Interested stakeholders are invited to read the call documentation, in particular the scheme's Operation manual once they are available on MECI's website at least six weeks before the official day of initiating tender submission.

¹ www.cera.org.cy

² [CERA - Αποφάσεις](#)

³ [RES-E Hosting Capacity \(eac.com.cy\)](http://eac.com.cy)

1.2 OVERVIEW OF DOCUMENTS REQUIRED

The following documents serve to enhance the transparency and understanding of the application process, ensuring applicants have all the necessary information for a smooth submission:

- A. the Call for Proposals Document outlines the background, objectives, scope, activities that can be funded and the expected results
- B. timetable and available budget
- C. admissibility and eligibility conditions (including mandatory documents)
- D. criteria for financial and operational capacity and exclusion
- E. evaluation and award procedure
- F. award criteria
- G. legal and financial set-up of the Grant Agreement
- H. the manual outlines the procedures to apply and register and submit proposals online via the Application Submission Portal
- I. recommendations for the preparation of the application
- J. the Grant Contract contains detailed explanations on all the provisions in the contract you will have to sign to obtain the grant (*including cost eligibility, payment schedule, additional obligations, etc*).

2 BACKGROUND

1. As set out in the European Green Deal and the Sustainable Europe Investment Plan, a JTM should complement the other actions under the next multiannual financial framework for the period from 2021 to 2027. The JTF is one of the pillars of the JTM implemented under cohesion policy. The aim of the JTF is to mitigate the adverse effects of the climate transition by supporting the most affected territories and workers concerned and to promote a balanced socio-economic transition. It is one of the EU financing programmes contributing to the clean energy transition and the European Green Deal objectives, including the goals and objectives of the Paris Agreement, 2030 climate and energy targets, and long-term decarbonisation objectives.
2. As a key country-specific recommendation of the European Semester, it is highly advised that investments from the JTF be directed towards bolstering the energy transmission and distribution system in Cyprus, with a special focus on the implementation of storage technologies. This strategic approach aims to facilitate the further penetration of RES without encountering significant issues of energy curtailment. To support this initiative, MECL, as the beneficiary of the

JTF, has committed EUR 40 million of EU funds for the installation, operation, and maintenance of hybrid energy storage systems. The Scheme is dedicated to energy storage projects directly connected to RES facilities, with financing coming from both EU funds and national resources.

3. The Scheme consists of 2 calls and 5 categories for proposals, organised as a technology-neutral grant award procedure. The initial two calls (Part A) will allocate grant funds to both existing and new renewable energy projects in the form of investment aid for the storage component offered by the JTF, in accordance with Regulation 2021/1056 and Commission Regulation (EU) 2023/1315. The subsequent calls (Part B) will focus on supporting new hybrid energy system projects through operating aid funded from national funds, in accordance with Art. 43 of Regulation (EU) 2023/1315⁴ and national legislation.
4. Grants will be awarded through a competitive selection process, using competitive bidding to ensure the most economical allocation of renewable energy and storage solutions. In the case of Part A1 (existing projects) of the Scheme (Investment aid), the successful applicants will receive a grant to cover their bid costs per kW proposed power storage capacity. The grant amount is contingent upon the JTF co-financing rates⁵ and is capped at 125 EUR per kW of power storage capacity. The price of the competitive selection process will be used to establish, and possibly adjust, the maximum cap limit for new hybrid RES projects (Part A2).
5. It will be possible for Existing RES projects to repower storage capacities, where repowering involves partial replacement/upgrade of installations and equipment to enhance the efficiency or capacity of the installation. Repowering is restricted to an additional 20% of installed capacity to compensate for energy losses from one daily battery storage cycle, without enhancing peak output and without additional support for the additional capacity. Systems that surpass the anticipated annual production, based on the previous year's output (**maximum output of previous years** will be used as a cap), will not qualify for aid, **or any compensation** on the extra kWh supplied to the grid. This provision is subject to the approval of TSOCy/DSO, considering the network conditions at the point of connection.
6. New projects not covered by feed-in-tariff (FiT) schemes will adopt a one-way CfD approach based on bidding price to define the CfD price per project. Existing facilities receiving a fixed tariff under the FiT scheme may continue to do so unless they choose to transition to the one-way CfD of the new Scheme category. Should they opt for this change, they must adhere to the new regulations and transmission and distribution rules. Additionally, the new

⁴ Please note that Art. 43 refers only to small scale projects

⁵ In accordance with Article 112 of Regulation (EU) 2021/1060, the co-financing rate, applicable to the region where the territory or territories identified in the territorial just transition plans in accordance with Article 11 of this Regulation are located, for the JTF priority or priorities shall not be higher than: (a) 85 % for less developed regions; (b) 70 % for transition regions; (c) 50 % for more developed regions.

schemes allow them to extend their contract period up to 10 years at the new CfD price. Applicants under the one-way CfD will submit half-hour bids based on the annual reference value for the electricity they generate, store, and deliver to the energy system. It should be noted that compensation will be based on a flat monthly price per kWh, derived from the average price of the half-hour bids, till the Electricity Market becomes operational. The shift from monthly tariff payments to half-hourly bids will be announced by the Minister following consultations with CERA one year before the expiry of the 10-year contracts.

7. In the case of **Part B** of the Scheme (**Operating aid**), the applicants will submit **half-hour bids** on the annual reference value for electricity generated, stored and fed into the energy system. Support for beneficiaries will be granted using a two-way CfD model. The two-way CfD compensates RES generators when prices are low while avoiding excessive revenues and providing governments with additional revenues when market prices are high. In the case of EAC supply and in the absence of real (half-hour) market prices, and for the purpose of this scheme, the market price for all RES technologies is defined as per regulatory decision 112/2023 on a fixed price.
8. Without an established market price in Cyprus, the Greek spot market price for electricity should be adopted as the next best alternative once the interconnector becomes operational. However, until the electricity interconnector is completed (**or by latest 1.1.2030**), regulated prices as determined by the CERA as the primary coordination signal will be used. This method will help market participants prepare to shift to actual market pricing. After the above-mentioned date and in case the electricity market is not fully functioning in Cyprus, the Greek spot market price for electricity will be used⁶ as a reference price if it is lower than the Regulated price.
9. It is important to note that the practice of suppliers managing surplus collections is problematic, as it may unduly benefit the suppliers who have control over the disposition of these excess revenues. Consequently, individual suppliers will be excluded from **Phase A** of the scheme to prevent potential conflicts of interest or unfair advantages. Individual suppliers will be eligible to participate in Part B of the scheme if they meet competitive market conditions and a clearance from DG Competition is obtained.

The selection procedures, the objectives and expected results, and the technical and legal details of the Scheme are explained in Paragraph 15.

⁶ Average of half hours market price will be used from Greek spot market if those are lower than the Regulated price in Cyprus.

3 GENERAL REMARKS

1. The current procedure aims to facilitate investments by final beneficiaries in both existing and newly developed capacities for generating electricity from RES for storing electricity, as highlighted in the National Energy and Climate Plan⁷. MECI is the responsible entity for monitoring and reporting.
2. Investment support will be allocated specifically for acquiring and setting up new and refurbished capacities, focusing on established technologies⁸ while excluding experimental R&D storage systems.
3. This process targets electrical energy production installations, with no limitations on RES that include local storage, as it provides investment aid specifically for storage. Mature renewable energy technology criteria will include, but not be limited to, the following technologies: lithium-ion batteries, sodium-sulphur batteries, flow batteries, pumped hydro storage, thermal storage plants, etc. Additional details will be solicited for these systems, and if they meet the minimum requirements established by the TSOCy/DSO, they may receive preliminary approval to continue with their application under the second round (bidding process) of the Scheme. It should be noted that technologies not included in the Scheme announcement, will not be barred from future calls. Eligible candidates must demonstrate financial and technical viability and will be chosen based on competitive bids within the tender's limit.
4. This Scheme includes categories that build upon existing support programs aimed at promoting electricity generation from RES, historically announced by MECI and the RES Fund. It is specified that the whole process for this Scheme, including the competitive application selection offering the most favourable bids for each category, is not subject to Public Procurement Law regulations.
5. To effectively apply for the current support scheme, potential investors should focus on key considerations related to policy decisions and regulatory compliance. Prioritize understanding and adhering to the rules and procedures outlined by the Scheme, ensuring that proposed projects align closely with the objectives and criteria set by the EU recommendations⁹. Emphasise the importance of demonstrating how the investment will contribute to Europe's energy transition goals, such as enhancing renewable energy integration or improving grid stability. Additionally, highlight any measures to ensure compliance with existing and forthcoming EU energy storage regulations.

⁷ [Ενημέρωση, Στρατηγικός Σχεδιασμός, Αναθεώρηση Εθνικού Σχέδιου δράσης για την Ενέργεια και το Κλίμα, Υπηρεσία Ενέργειας, Υπουργείο Ενέργειας, Εμπορίου και Βιομηχανίας \(energy.gov.cy\)](#)

⁸ Technology must have been used internationally in electricity storage facilities which participate in electricity markets and have been put into operation within the period 2018-2024, with a total energy capacity equal to or greater than 1,000 MWh worldwide.

⁹ [Energy storage \(europa.eu\)](#)

Conduct thorough due diligence to assess project feasibility, risks, and potential impacts and provide comprehensive documentation substantiating the project's viability and alignment with the support scheme's objectives.

4 OBJECTIVES AND EXPECTED RESULTS

4.1 OBJECTIVES

1. contributing to the achievement of the national targets for RES by promoting hybrid storage systems to further enhance the penetration of renewables in the energy mix and achieving the overall targets indicated in the NECP of Cyprus;
2. reducing the electricity prices;
3. reducing renewable electricity curtailment by time shifting of energy discharge to the grid; and
4. providing ancillary services to the TSOCy/DSO

4.2 EXPECTED RESULTS

1. Energy storage systems can enhance the electricity grid's stability, facilitate the integration of RES, and reduce energy curtailments associated with RES. Concurrently, RES and energy storage systems will be able to provide balancing services and contribute to flexibility services as required by the grid operator. Despite the expected full market liberalization before 1st January 2030, which coincides with the operational start of the Cyprus-Crete electricity interconnector, the Scheme continues to uphold a policy of not providing additional compensation for services rendered by RES producers and energy storage systems over a period of 10 years. This steadfast approach is designed to maintain consistency and stability for both existing and new projects.
2. The pricing mechanism, utilizing a one-way CfD, effectively caps selling prices to prevent market distortion. This approach is maintained in recognition that, until Cyprus is interconnected with Greece in 2030, conventional power units will remain essential for meeting demand, resulting in higher electricity supply costs in Cyprus. Operating as a single bidding zone and considering existing congestion at certain nodes (substations), substantial re-dispatching costs are anticipated in the coming years, likely extending beyond 2030. This is due to persistent congestion, which the 10-year development plan of the TSO is unable to fully resolve until the complete rollout of smart meters and smart grids in Cyprus.

3. Based on the previously mentioned assumptions and as detailed in the NECP¹⁰, RES penetration in Cyprus could increase by up to 66% more once full interconnection is achieved. It is important to note that reaching an equilibrium state, where Cyprus's energy prices align with those of the EU (such as mainland Greece's clearing prices), could require an additional 4-5 years. This timeframe is needed to expand RES capacity and to develop the internal grid according to the 10-year development plan of the TSO Cy, due to the lengthy process involved in developing RES projects and transmission substations infrastructure.
4. To enhance the planning of RES licensing, MECI and the TSO collaborated with IRENA, JRC and RSE, with additional support from academic institutions such as KTH, Cyl, and UCY, to assess the technical feasibility of integrating RES capacity into Cyprus's grid. These studies, which are included in the appendix of the NECP, suggest that following the completion of the interconnector, Cyprus could support a minimum of 4GW of RES¹¹. This capacity could potentially be increased with the addition of storage units.
5. It should also be noted that due to Cyprus's isolation from EU electricity markets, the Commission has granted the Republic of Cyprus a derogation from various provisions. These include Articles 3, 5 and 6, Article 7(1), points (c) and (g) of Article 7(2), Articles 8 to 17, Article 18(5) and (6), Articles 19 and 20, Article 21(1), (2) and (4) to (8), point (c) of Article 22(1), points (b) and (c) of Article 22(2), the last subparagraph of Article 22 (2), Articles 23 to 27, Article 34(1), (2) and (3), Articles 35 to 47, Article 48(2) and Articles 49 and 51. These provisions will not apply to Cyprus until its transmission system is interconnected with those of other Member States.
6. The Scheme's design ensures a non-discriminatory approach to hybrid RES and storage systems of different sizes and technology options. This is achieved by implementing separate categories within the Scheme, which are determined by the system's size and the purpose of the installations. For instance, existing RES power plants developed for self-consumption will compete for storage component investment aid with one another within a dedicated category. Similarly, for systems above 1MW, separate sub-categories (baskets) will be established to allow for competition among similar technologies (e.g., solar competing with solar, wind with wind, etc.). Further details about the subcategories for both existing and new projects can be found in Annex I. The expected effect is a reduction of emissions from electricity generation from RET, increase the share of electricity from RES and their integration into the grid, reduction of end-user prices, and stability of the electricity system. The investments under the procedure shall comply with the requirements of the

¹⁰ <https://meci.gov.cy/assets/modules/wnp/articles/202101/103/docs/cynecp.pdf>

¹¹ https://www.energy.gov.cy/assets/modules/wnp/articles/202302/33/docs/meletes_pou_sinodevoun_to_esek.zip

principle of "do not cause significant harm" to the environment and will contribute for the ecological transition of the country.

5 INDICATORS

1. The general indicators related to support under the JTF, included in the Annexes to the Proposal for a Regulation of the European Parliament and of the Council establishing the JTF are:

Outputs	Results
RCO 01 – Enterprises supported (of which: micro, small, medium, large)	RCR 01 – Jobs created in supported entities
RCO 02 – Enterprises supported by grants	RCR 02 – Private investments matching public support (of which: grants, financial instruments)
RCO 05 – New enterprises supported	RCR 31 – Total renewable energy produced (of which: electricity, thermal)
RCO 22 – Additional production capacity for renewable energy (of which: electricity, thermal)	RCR 32 – Renewable energy: Capacity connected to the grid (operational)

Source: Annex III Regional Policy Common Output Indicators ('RCO') and Regional Policy Common Result Indicators ('RCR') for the Just Transition Fund.

2. MECI will monitor the implementation and reporting of the indicators. The base value of the indicator is "0"s, and the target value of the indicator (to be filled in the application by the bidder), which corresponds to the sum of the output active power of the inverters (output characteristics of all inverters in MW) supported with the current investment.
3. The following indicators related to investment performance will be monitored as well:
 - a. Additional new installed capacity for electricity generation from renewables, which is connected to the grid and put into operation, MW;
 - b. Installed and put into operation new capacity of energy storage directly connected to renewables, MW (the maximum output or capacity of energy storage systems to generate or store energy instantaneously);
 - c. Operational capacity of installed storage facilities, in MWh (the energy storage capacity over time, indicating how much energy can be stored or discharged by the system over a certain period).
4. The base value of the indicator is "0" and the target value of the indicator (to be put by the applicant), which corresponds to the total capacity of the newly installed energy storage facilities (in MWh) supported by the current investment (the maximum energy that can be stored by the battery in MWh) by the DC part.

6 LEGAL BASIS

1. Regulation (EC) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund+, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund, and financial rules for those Funds and for the Asylum Fund, Migration and Integration, the Internal Security Fund and the Instrument for Financial Support to Border Management and Visa Policy
2. Approval of the Directorate General for Competition of the EC or of the Commissioner for State Aid Control (EESC), **No / date**
3. Commission Regulation (EU) 2023/1315 of 23 June 2023
4. Regulation (EU) 2018/1999, Governance of the Energy Union and Climate Action
5. Directive (EU) 2019/944, on common rules for the internal market for electricity
6. Directive (EU) 2019/943 on the internal market for electricity
7. 2018/2001 RES Directive
8. Commission Recommendation (14/3/2023) on Energy Storage – Underpinning a decarbonised and secure EU energy system (2023/C 103/01)
9. Law of Promotion and Encouragement of the Use of RES (N. 107(I)/20 22) and amendments or revisions to it
10. Regulation of the Electricity Market Law (2021)
11. The current version of the Electricity Market Rules issued under the Electricity Market Regulation Law (2021-2024)
12. The current Transmission Rules issued under the Regulation of the Electricity Market Law (2021-2024)
13. Κ.Δ.Π. 224/2019, dated 5/7/2019, Regulatory Decision 03/2019 "On the Establishment of Basic Principles of the Regulatory Framework for the Operation of Electricity Storage Facilities Upstream of the Meter in the Wholesale Electricity Market"
14. CERA Decision 112/2023
15. Provisional agreement on reform of the electricity Market Design on December 2023 and on REMIT on 6 November 2023 of the European Parliament and Council
16. **Decision of the Council of Ministers with number XXX on XXX 2024**

7 SCOPE OF ACTIVITIES TO BE FUNDED

1. **Part A** of the Scheme encompasses the following four categories, which include both groups operating under a fixed-price sales agreement (feed-in-tariff) and newly constructed facilities:
 - a. investment aid for the storage units installed and coupled by renewable energy plants designed for self-consumption **less than 1MW**;
 - b. investment aid for micro-scale hybrid power plants with a capacity of up to **120 kW** (in accordance with Article 5(2)(b) or Article 5(4) of EU Regulation 2019/943);
 - c. investment aid for small-scale hybrid power stations, with capacity ranging from over **120 kW** up to and including **1 MW**, in line with the small-scale definition according to the 2018/2001 RES Directive; and
 - d. investment aid for hybrid power plants with capacities exceeding **1 MW**, targeting the acquisition of connection approvals from the DSO up to 8MW and TSOCy for systems above 8MW.
2. For clarity, small-scale projects¹² for electricity generation or storage are defined as those with capacities below or equal to 1 MW, as per Article 43 of the European Commission Regulation (EU) 2023/1315 dated June 23, 2023. The latter also introduces the following exceptions:
 - If the type of enterprise is small or medium and the technology type is “other than wind” – projects below or equal to 6 MW installed capacity are small-scale, otherwise they are large-scale.
 - For projects 100% owned by micro or small enterprises for wind generation only, projects below or equal to 18 MW of installed capacity are defined as small-scale.
3. To incentivise competition in each category, the following restrictions are also introduced:
 - a. If the total investment aid sum requested by all applicants who submitted their offers within a particular category is less than the budget allocated for this category, only **80%** of the requested total investment amount will be funded;
 - b. Each category must receive a minimum of four (4) applications from **independent companies** to proceed. If fewer than four applications are

¹² Operating aid for the promotion of energy from renewable sources in small projects shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that certain conditions are fulfilled.

received for a specific category, the tender for that category will be cancelled.

- c. The cumulative capacity awarded to any single company or group of companies should not surpass 10 MW for low/medium voltage projects or 20 MW for high voltage projects. For existing companies, the limits are 20 MW for wind and photovoltaic projects, and 5 MW for biomass projects. To clarify, a single company or a group of companies cannot be awarded more than 20 MW in total across all voltage levels. Specifically, for low/medium projects, the limit is 10 MW (i.e., a company can hold up to 10 MW in low voltage projects and up to 10 MW in high voltage projects). These limits may be adjusted in future calls depending on the level of participation and the pricing of the awarded projects.
- d. An applicant is allowed to only request investment aid which is 25% or less of the total budget dedicated to a particular category.
- e. Each tender round will implement an oversubscription rule. Once applicants are screened and qualified based on the relevant eligibility criteria, the capacity of eligible projects will be assessed. Should this capacity exceed the tendered capacity by no more than 20%, it will be proportionately reduced to maintain a minimum oversubscription level of 20%.
- f. Project activities (installations) must be located in **Cyprus**.
- g. Only RES projects expected to enter into commercial operation within **12 months or before 1/12/2026** shall be funded. Therefore, applicants need to demonstrate sufficient maturity of the project and get hold of:
- h. **CERA Permit** for construction and operation of the plant (for existing projects a modification for CERA licence will be needed), if applicable.
- i. **Planning Permit** from the Town Planning and Housing Department. The Planning Permit acquisition procedure also includes the related Environmental Impact Assessment. Existing projects will be required to modify their licence.
- j. A construction **Building Permit** should be obtained at the moment of the proposal submission.
- k. **Land:** Access rights (ownership or use rights) should be obtained at the moment of the proposal submission.
- l. **Grid Connection** (TSO/DSO): an application for the grid connection should be launched to obtain preliminary connection terms. The payment for a binding reservation of grid capacity may be done after the grant award.

- m. **Final Connection Terms (TSO/DSO):** The final connection terms will be issued by the TSO or DSO based on the size of the plant (LV/MV/HV). Due to limited hosting capacity in some areas, different connection terms may be issued for some projects located in saturated areas.
- n. Beneficiaries are required to report renewable energy generated annually and provide an initial timeline that outlines the yearly production profile in conjunction with the storage capacity.
- o. It is important to note that any **delays** in obtaining the required licenses will be **the sole responsibility of the applicant**. No extensions or refunds will be granted for delays caused by any authority, as the entire licensing application process is conducted through the Digital One Stop Shop platform.

8 TECHNICAL REQUIREMENTS

1. The Scheme includes technical, performance and safety specifications [Annex II]. The technical obligations will aim to ensure the grid's security, reduce power cuts from RES as much as possible, and contribute to the grid's performance while reducing its carbon footprint. These are achieved, for example, by:
 - a. Control of the ramp rate of the photovoltaic and wind power generation systems by region according to the needs of the grid, (based on the data from TSO/DSO) to balance the production power.
 - b. Reduction in the operation of conventional power plants (base load generation) to minimize the operation of conventional backup systems. This will significantly reduce the cost of electricity and pollutants.
 - c. Shifting energy that would otherwise have been cut off from RES during periods of low demand.
2. The proposed technical characteristics of the storage systems are:
 - a. Guaranteed import and export capacity per period (according to the TSO/DSO or a supply company);
 - b. Guaranteed capacity: The proposed electrical storage system should have a guaranteed (useful) capacity corresponding to a duration based on technology and size of the plant between 1 (one) hour and 4 (four) hours for RES projects as indicated in the ANNEX II.
 - c. Guaranteed capacity degradation rate;
 - d. Guaranteed system performance: To ensure ongoing system performance the annual review process could include submitting a yearly **inspection and maintenance certificate**, as advised by the manufacturer. This requirement

shall support the evaluation of the storage system's condition, particularly the health of the batteries, to maintain guaranteed performance levels. Upon submission of the certificate, **10% of the guaranteed amount will be disbursed to the beneficiary each year.**

- e. At least **75% of power must be absorbed annually from the connected RES power plant.** It should be noted that any excess energy production beyond expected levels by a directed RES system will not guarantee additional energy supply to the grid.
- f. Energy imported from the grid to the storage unit will be managed using a net-metering approach, calculated on a billing cycle basis. If, during a billing cycle, the imported energy exceeds the exported energy for any reason, the excess energy will be billed at the regular retail tariff.
- g. Exclusion from the Scheme in case applicants do not comply with the specifications and conditions of the TSO/DSO;
- h. Once at least one notification is received, systems may be disconnected from the grid if they fail to meet the terms and conditions set by the TSO/DSO.

9 AVAILABLE BUDGET

1. The total available budget for Part A of the Scheme is EUR 40 000 000 (forty million euro)¹³. Funding for Part B of the Scheme could come from national resources, additional European Funds, other relevant funding programmes or a mix of these sources. Importantly, Part B will be launched at a later date, distinct from Part A, ensuring a phased approach to the scheme's rollout.
2. The planned total amount for Part A of grant funding is distributed indicatively in 2 (two) call procedures as follows:

	Investment aid, existing plants Categories A1	Investment aid, new plants¹⁴ Categories A2
Categories	4 Categories:	4 Categories:

¹³ Refer to Annex I for budget allocation.

¹⁴ New plants are defined as those that have not received an operational licence from CERA by the time the Grant contracts are signed.

	A1.1 Up to 120 kW A1.2 151 kW-1 MW A1.3 >1 MW A1.4. Self-Consumers ¹⁵	A 2.1 Up to 120 kW A 2.2 151 kW-1 MW A 2.3. >1 MW B 2.4. Self-Consumers
Round of application submission	1 st round, one common tender, competition for budget set for each category (FiT)	2 nd round, one common tender, competition for budget set for each category & one-way CfD

Table 1: List of Categories of Part A of the scheme for both Part A1 and Part A2

3. MECI reserves the right not to award all available funds, depending on the proposals received and the results of the evaluation.

9.1 TIMETABLE AND DEADLINES

Timetable and deadlines (indicative)	
Pre-announcement of the Scheme (Public consultation)	May 2024
Public consultation evaluation results	July 2024
Call opening (Publication of the final Scheme)	1.08.2024
Receiving applications (Digital platform)	16.09.2024
Deadline for submission	02.10.2024
Submission of a hard Copy of the Bank Guarantee (participation fee)	07.10.2024 @ 15:00
Evaluation (announcement of qualified applicants)	20.10.24-05.11.2024
Submission of objections	11.11.2024
Evaluation of objections and final list announcement	18.11.2024
Bidding auctions (through electronic platform)	22.11.2024 @ 11:30-11:59
Publication of Final results*	22.11.2024 @ 12:00
Signing of Grant contracts	From 1.12.2024 onwards

Table 2: Important dates

- * In case the online platform is not available the above schedule will be re-arranged (extending of timelines) and in addition two rounds of financial proposals will be submitted, through closed envelope procedure.

10 GOVERNANCE

¹⁵ If a self-consumer exports more than 20% of their production (excess production), they may be classified as a wholesale producer, and the selling price must then be established. The cap price as determined by CERA Decision (122/2023), is set to 11 cents/kWh. This price may be subject to further bidding competition in a one-way CfD, depending on the volume require by the supplier.

1. MECI will manage the Scheme and will set up a committee (the Committee) for the technical and economic evaluation of the submitted bids and the selected projects' realizations. The Committee will comprise of authorised staff from various departments and will be responsible for handling the applications and performing any duties assigned to it in relation to the evaluation, monitoring, inspection, or any other work deemed reasonable for the committee to manage the project. The responsibility for the implementation and modification of the Scheme lies with the Council of Ministers.
2. The Council of Ministers retains the authority to modify future tender procedures based on insights gained and prevailing market conditions to maximize the effectiveness of grant funding, following the Committee's report and recommendations. There is also the possibility of consolidating several procedures into a single comprehensive process.

11 FINANCIAL SUPPORT

1. In relation to the financial support for projects under Part A of the Scheme, the following options will be considered:
 - a. For existing renewable energy generation projects, currently receiving a fixed subsidy rate, investment aid will be granted in the form of payment in EUR/kW for the power storage capacity per category as indicated in **ANNEX I**. The aid amount will cover the requested storage cost of successful applicants and will be independent of the system's output¹⁶.
 - b. For new hybrid projects, the investment aid will only cover the cost of the storage component in the form of payment in EUR/kW for the power storage capacity. Only financial bids that result in a total generation and storage cost per kWh of power injected to the grid, under one-way CfD with a ceiling bid price of **less than 0.11 Euro/kWh**, will be considered eligible. The above price cap maybe adjusted in future calls based on new Regulatory Decision.
 - c. It is noted that, based on the application of the General Exemption Regulation (Regulation 2023/1315), both the generation and storage units should constitute components of a single integrated project. The storage component shall **absorb at least 75%** of its energy from a directly connected renewable energy generation installation, on an annual basis. Compliance with the thresholds set out in Article 4 of Regulation 2023/1315 will be verified considering all investment components (generation and storage).

¹⁶ Some applicants may install systems that surpass the minimum capacity threshold established by the scheme, without seeking funding for the additional storage capacity.

- d. The Scheme will provide investment aid covering up to **125,000 Euro** per MW of power storage capacity as proposed in the applicants' bids. Additionally, the sale price of energy from the hybrid station will be established through a one-way CfD, which should be below the System Marginal Cost (SMC) or the price set by CERA Regulatory Decision 112/2023, without additional operating aid (PART A). The established cap ensures that the proportion of the investments funded by EU contributions (co-financing of eligible costs) will not exceed 70% for both categories in PART A. This accounts for the energy losses due to roundtrip efficiency, restrictions on additional revenues from ancillary services, and other indirect costs associated with the project, such as the application approval process, related studies, additional land availability, indirect costs related to the project guarantees, and the operation and maintenance of the storage system. Therefore, no further remuneration is allowed outside the context of the Scheme.
- e. In relation to the financial support for projects under **Part B** of the Scheme, the following rules will be considered
- i. The operating aid will be granted to new renewable energy and storage hybrid projects until 1.1.2030 or can be extended up to 10 years until the interconnector is operational. It is limited to the minimum needed for carrying out the aided project. Therefore, the payment will cover the difference between the successful bid price and the average market selling price, but not higher than the cap price (maximum selling price). The bidding for energy sale price for new projects will be in the form of a **two-way CfD**, whereby the generators sell their electricity either **(1) directly on the market or (2) to EAC supplier**¹⁷. Since the market in Cyprus is not yet functional, a ceiling price will be defined based on the Regulatory Decision of CERA (112/2023). In addition, the ceiling prices (per category) should consider the Greek spot market prices¹⁸ and be compatible with the treaty provisions on State aid once Cyprus is electrically interconnected with Greece. To avoid any confusion, once Cyprus is interconnected the ceiling prices for RES hybrid projects will be defined based on the **lowest price** between Greek Spot Market and the cap price of the Regulator in case such price still applies (particularly during the transitional period and after the market in Cyprus is fully operational).

¹⁷ It should be noted that individual suppliers are eligible to participate in this Scheme, provided that the information submitted demonstrates that there is no aid to the supplier. This is applicable in scenarios where the prices from RES projects are higher than the average avoidance costs and higher than the fixed reference price. In such cases, the supplier acquires electricity at a cost lower than its system value and below the cost of production in a counterfactual scenario.

¹⁸ based on LV, MV and HV prices

- ii. In cases where the Cost of Avoiding Thermal Production of Cyprus System, as calculated based on the Calculation Methodology for the Adjustment of Fuel Basic Pricing and the Cost of Avoiding Thermal Production of Conventional Production, is below **11€cent/kWh** then the Purchase Price from RES-e will be equal to the respective price of the said Cost of Thermal Production or the Spot Market of Greece (whichever is lower). This threshold will apply for both Part A and Part B of the scheme.
- iii. The number of applications to be selected in each category will be determined as indicated in **ANNEX I** designed to operate transparently and automatically.

12 ADMISSIBILITY AND DOCUMENTS

1. Proposals must be submitted before the call deadline (see Table 2). Proposals must be submitted electronically via the online Portal (BFU). Paper submissions are NOT possible. Proposals (including annexes and supporting documents) must be submitted using the forms provided (more details follow in Paragraph 17).
2. Proposals for both Part A and Part B must be comprehensive, including all requested information, required annexes and supporting documents:
 - a. **Application Form Administrative** – contains administrative details about the participants (identification data, information about beneficiaries and affiliated entities, financial data, declarations). It also contains project-related templates, including the technical specification form, implementation schedule, and other relevant documents.
 - b. **Application Form Technical** – contains the technical proposal of the project, encompassing information about both the renewable energy and the storage technology type.
 - c. **Application Form Financial** – contains the financial offer.
 - d. **Mandatory annexes and supporting documents** (templates will be available to be downloaded from MECI website, BFU¹⁹):
 - i. Proof of organizational form
 - ii. Technical specification form
 - iii. Binding schedule of implementation (Gantt chart)

¹⁹ [ΑΠΕ \(mec.gov.cy\)](http://mec.gov.cy)

- iv. Business plan of the project with calculations of the financial figures and results of the project, including LCOS, LCOE, IRR
 - v. Declaration for public funding received for the project / co-financing declaration
 - vi. Declaration of compliance with the State aid exemption rules
 - vii. Declaration of consent for the processing of personal data
 - viii. Conflict of interest declaration
 - ix. Declaration on the avoidance of double funding
 - x. Declaration of certification of personal status
 - xi. Registration of technical and professional skills of the applicant
 - xii. Bank guarantees
 - xiii. Proof of technical capabilities
 - xiv. Entity founding documents (for legal entities)
 - xv. Proof of financial capabilities, including CVs of core project team members if required by the call, list of previous projects supported by commissioning certificates or other similar documents
 - xvi. Documents verifying the specified technology's stage of maturity as outlined in the Scheme
 - xvii. Map and documents indicating the project area and geolocation data
 - xviii. Document certifying the right to use the land
3. The online application form on the Portal enables the submission of additional documents to verify the applicant's eligibility. These include copies of the financial activities (reports from the last two years), permits for construction, grid connection, environmental impact assessment, power of attorney (if applicable), among others.
 4. When submitting a proposal, the applicant must confirm its mandate to act. Additionally, it must verify that the information provided in the application is accurate and complete, and that the participants meet the criteria for receiving EU funding, including (eligibility, financial and operational capacity, exclusion, and other relevant conditions).
 5. All documents accompanying the application must be legible, accessible and printable if they are not submitted in digital format (i.e., pdf format). Evaluators will disregard any pages that are unclear or not relevant to the project. The maximum file size is limited to **10 MB** and the application form will not accept uploads exceeding this size. Both PDF and ZIP file formats are supported for uploads. Documents requiring signatures must either have a **valid electronic signature** or be hand-signed and scanned into PDF format. In subsequent

stages, the applicant may be requested to provide additional documents for purposes as legal entity validation, financial capacity checks, and bank account verification. For further details on the submission process, including IT-related queries, please refer to the Online Manual.

6. Applicants must attach a Participation Guarantee Letter to the Application form. This letter should specify an amount that adheres to the requirements outlined in the Scheme (further details can be found on the digital platform) and must remain valid for a minimum of 12 months. Additionally, confirmation that the application fee has been paid must be included. The offer must remain valid for a minimum of 120 days following the submission of the application.
7. All documents attached must be valid on the date the offer and must remain valid for the entire duration of its validity period. In the event of any unexpected delays in the Scheme process, MECI may request an extension of the bank guarantee.
8. All the above details will be announced and published in detail after the selection procedure and before the bidding process.

13 ELIGIBILITY

1. Eligible to participate is any natural person, enterprise or business partnership that will apply for a project falling under the investment categories and complies with the terms of this Scheme and all specifications set in Annex I.
 - a. To be eligible, the applicants (beneficiaries and affiliated entities) must be:
 - i. a natural person or legal entities (public or private bodies)
 - ii. registered within the areas under the control of the Republic of Cyprus or within the British Bases assuming that:
 - (1). written assurance will be provided by the authorities of the British bases that the electricity produced by the project will be credited to the Republic of Cyprus
 - (2).the responsibility for the licensing of the project and its completion within the timetables defined in its announcement will rest entirely with the applicants
 - b. legal entities must be established in a Member State (MS); companies should be established in accordance with the law of the MS that has its registered office, central administration or principal place of business within the EC. In the case of a company, it is formed in accordance with the law of a MS and has its registered office, central administration or principal place of business within the EC.

- c. natural persons should be citizens of a MS or residing in it.
2. Only one application can be submitted per beneficiary (group of companies)²⁰ (Annex IV) per category. Multiple offers from the same applicant will not be considered, and any duplicate submissions may result in the disqualification of **all offers** associated with this applicant.
 3. Specific cases
 - a. International organisations – International organisations are eligible assuming they are in line with the all the relevant International Laws. The rules on eligible countries do not apply to them. For the purposes of this Scheme an application submitted for the above call will be considered eligible²¹.
 - b. Entities without legal personality – Entities which do not have legal personality under their national law may exceptionally participate, provided that their representatives have the capacity to undertake legal obligations on their behalf and offer guarantees for the protection of the EU financial interests equivalent to that offered by legal persons²².
 - c. EU bodies – EU bodies can NOT be part of the consortium. EU restrictive measures – Special rules apply for certain entities (e.g., entities subject to EU restrictive measures under Article 29 of the Treaty on the European Union (TEU) and Article 215 of the Treaty on the Functioning of the EU (TFEU)2013/C 205/057 and entities covered by Commission Guidelines No 8). Such entities are not eligible to participate in any capacity, including as beneficiaries, affiliated entities, associated partners, subcontractors or recipients of financial support to third parties (if any).

13.1 FINANCIAL ELIGIBILITY

Please refer to the information listed below at Paragraph 14.

13.2 TECHNICAL ELIGIBILITY

1. The project must:
 - a. become operational within:
 - i. 12 months for **new** projects in category A2
 - ii. 6 months for existing projects in category A1 and all self-consumption projects

²⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32003H0361>

²¹ [rfi20485.pdf \(un.org\)](#)

²² Representative of Multi-apartment Buildings or Energy Community entities will also be able to participate

- iii. 12 months for projects in category B following the signing of the grant agreement.
 - b. operate at least till 2030, for existing projects in category A1 or 10-year contract for A2 and B categories of the scheme.
 - c. apply mature storage technology and the proposed electrical storage system should have a guaranteed (useful) capacity corresponding to a duration of at least two (2) hours for projects with a capacity up to 120 kW, whereas larger plants must have a discharging time of three (3) hours. Storage facilities with a higher power capacity can participate at the tender, but they will not be remunerated for the additional energy capacity. The aid will only cover up to three hours of storage
 - d. provide grid and ancillary services with technical parameters as defined by the grid operator (Annex II).
 - e. have obtained all required licences for electricity storage system, which will be connected to the RES power plant.
2. It is important to note that MECI may choose not to proceed with signing the grant agreement with the successful tenderer if there is a delay in submitting any required documents responding to requests or clarifications raised by MECI.

14 FINANCIAL AND OPERATIONAL CAPACITY AND EXCLUSION

14.1 FINANCIAL STANDING

1. Applicants must declare that they are natural persons or the entity they represent have not gone bankrupt or been bankrupt, are not in a state of liquidation, and have not been criminally convicted by a court decision.
2. A company will be deemed to be in financial difficulty if, over the past two years, its liabilities-to-equity ratio has exceeded 7.5. Furthermore, a company is considered to be in difficulty if, in the last two years, the interest coverage ratio has been below 1. Companies facing financial difficulty are ineligible to submit bids for any tender of this Scheme.

14.2 FINANCIAL CAPACITY

3. Applicants are required to possess stable and sufficient resources to effectively implement the projects and contribute their respective shares. Organisations involved in multiple projects must demonstrate adequate capacity to manage

all these initiatives. The assessment of financial capacity will be conducted using documents from the last two financial years, which applicants are required to upload to their online application form during the grant preparation phase. This includes items such as profit and loss account, balance sheet, business plan, and an audit report produced by an approved external auditor certifying the accounts for the last closed financial year. The analysis will focus on neutral financial indicators but will also consider other factors, such as dependence on EU funding and past deficits and revenues.

4. If an applicant applying for investment aid for an existing project has previously received public funding for the energy storage component, they are required to disclose information and comply with the per project / per undertaking limits specified in Regulation (EU) 2023/1315.
5. The check will normally be done for all beneficiaries, except public bodies (entities established as public body under national law, including local, regional or national authorities) or international organisations
6. If the Committee considers that an applicant's financial capacity is not satisfactory, it may require:
 - a. further information
 - b. an enhanced financial responsibility regime, i.e., joint responsibility for all beneficiaries or joint liability of affiliated entities or
 - c. request that an affiliated entity is replaced or, if needed, reject the entire proposal.

14.3 REQUIREMENTS FOR BANK GUARANTEES, GOOD OPERATION AND PARTICIPATION FEE.

Fee for Participation in the Scheme:	€2,500
Bank Guarantee (during application process)	35,000 €/MW
Bank Guarantee for awarded projects ²³	125,000 (€/MW)
Bank Guarantee for good operation of the project: (discounted at 10% per year)	100,000 (€/MW)

Table 3: Bank Guarantees

The annual production will be compared based on national data and if the system produces up to $\pm 20\%$ of the average expected generation then the 10% will be released.

²³ Bank guarantee will be released once the project is validated by the Committee.

For self-consumption projects, a report from the monitoring system and / or SCADA will be also accepted as a proof of good operation. MECI has the right to inspect the storage system once a year before the 10% is released.

14.4 OPERATIONAL CAPACITY

1. Applicants are required to possess the necessary expertise, qualifications and resources to effectively implement the projects and contribute their share, which includes having sufficient experience with projects of similar scale and type. This capacity will be evaluated in conjunction with the 'Quality' award criterion, which considers the skill and experience of the applicants and their project teams, as well as their operational resources (human, technical and others).
2. If the evaluation of this criterion is favourable, the applicants will be deemed to have adequate operational capacity. Applicants must demonstrate their capacity by providing the following information:
 - a. general profiles (qualifications and experiences) of the staff responsible for managing and implementing the project
 - b. description of the consortium participants, if applicable
 - c. applicants' activity reports of last year
 - d. list of previous RES projects
3. Additional supporting documents may be requested, if needed to confirm the operational capacity of any applicant.

14.5 EXCLUSION

1. Applicants which are subject to an EU exclusion decision or in one of the following exclusion situations that bar them from receiving EU funding can NOT participate:
 - a. bankruptcy, winding up, affairs administered by the courts, arrangement with creditors, suspended business activities or other similar procedures (including procedures for persons with unlimited liability for the applicant's debts) in breach of social security or tax obligations (including if done by persons with unlimited liability for the applicant's debts);
 - b. shown grave professional misconduct (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant);
 - c. committed fraud, corruption, links to a criminal organisation, money laundering, terrorism-related crimes (including terrorism financing), child labour or human trafficking (including if done by persons having powers

- of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant);
- d. shown significant deficiencies in complying with main obligations under an EU procurement contract, grant agreement, prize, expert contract, or similar (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant);
 - e. performed irregularities within the meaning of Article 1(2) of Regulation No 2988/95 (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant);
 - f. created under a different jurisdiction with the intent to circumvent fiscal, social or other legal obligations in the country of origin or created another entity with this purpose (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant).
 - g. Applicants may also be rejected if it turns out that:
 - i. during the award procedure they misrepresented information required as a condition for participating or failed to supply that information;
 - ii. they were previously involved in the preparation of the call, and this entails a distortion of competition, in case the information was kept confidential from other participants, that cannot be remedied otherwise (conflict of interest).

15 EVALUATION AND AWARD PROCEDURE

1. The evaluation process is based on pre-defined criteria and technical characteristics of the storage system. The criteria are included in the Online Manual and guidelines that will be available on the Digital Platform. The evaluation process includes:
 - a. pre-qualification approval: projects at this stage will be assessed based on specific criteria outlined in **Paragraph 12**, before advancing to the subsequent phase. Only projects that are fulfilling both administrative and technical criteria will be permitted to move forward to the bidding contest, the next stage in the selection process;
 - b. applicant's eligibility (considering financial capabilities, residence, and document completeness);

- c. technical offer's eligibility of the proposal evaluated based on the provided technical criteria; and
 - d. ranking of the financial bids.
 2. The evaluation criteria are attached in **Annex II** technical characteristics.
 3. The proposals for Part A, will have to follow the **submission and evaluation procedure** (two-stage submission and two-step evaluation).
 - a. **Part A:** Documents to be submitted at the prequalification approval stage:
 - i. A copy of the Ownership Title Certificates for all land plots where the project is to be constructed. In case the landowner is not the applicant, written consent from the owner or a certified rental/lease agreement must be provided.
 - ii. Map from the Department of Land Registry for the proposed plots.
 - iii. Licence or Exemption Power Plant Construction Licence from the Regulator.
 - iv. Recent Copy of the Company's Directors Certificate from the Registrar of Companies
 - v. Signed Declaration that the proposed power plant is not already induced in another Support Scheme.
 - vi. Building Permit for the Power Plant in effect (if it is available at the time the application is submitted)
 - vii. Application for a Building Permit (if it is available at the time the application is submitted)
 - viii. Planning Permit in effect (if it is available at the time the application is submitted).
 - ix. Planning Permit Applications (if it is available at the time the application is submitted).
 - b. **Part B:** Documents required for submission to the relevant Operator for conducting commissioning checks on the proposed power plant.
 - i. An active Planning Permit for the proposed project, as required by law;
 - ii. An active Building Permit for the project; and
 - iii. A Building Permit for the project's substation, if applicable.
 4. After pre-qualification approval, the **Committee** will conduct checks on the proposals for administrative requirements, focusing on admissibility and eligibility. Proposals found admissible and eligible will be evaluated against the operational capacity, technical eligibility regarding the proposed storage

component and then **ranked according to the lowest price** offer. Successful proposals will be invited for grant preparation; the other ones will be put on the reserve list or rejected.

5. No commitment for funding: Invitation to grant preparation does NOT constitute a formal commitment for funding. MECI will still need to make various legal checks before grant award: legal entity validation, financial capacity, exclusion check, ultimate beneficiary owners, etc.
6. **Grant preparation** will involve a dialogue to finetune technical aspects of the project and may require extra information. It may also include adjustments to the proposal to address recommendations of the evaluation committee or other concerns (such as adaptation of the grant due to additional funding received from other sources). Compliance will be a pre-condition for signing the grant. If an applicant believes that the evaluation procedure was flawed, it can submit a **complaint** (following the deadlines and procedures set out in the evaluation result letter). Please note that notifications which have not been opened within 10 days after sending are considered to have been accessed and that deadlines will be counted from opening/access (*see also Funding & Tenders Portal Terms and Conditions*). Please also be aware that for complaints submitted electronically, there may be character limitations.
7. Regarding the financial evaluation and ranking of financial bids:
 - a. For **Part A** of the Scheme, Category 1 & 2, the evaluation of investment aid distribution occurs through the following steps:
 - i. The total investment aid requested is calculated for all eligible bids. If the total amount of investment aid requested by all applicants within a specific category falls below the budget allocated for that category, only 80% of the total requested investment sum will be granted.
 - ii. Eligible offers are then organized in ascending order based on the values of the applicants' bid storage costs (this step is conducted only for financially eligible offers).
 - iii. Investment aid is assigned to project proposals until the sum under 1) is depleted. Funding is awarded until the remaining sum is enough to cover the requested investment amount for each candidate, otherwise, it is set to zero.
 - iv. The last project application that could be partially funded by the available funding receives an individual request for project resizing which can be rejected with no penalty of the applicant.
 - v. In case of equal bids in **Part A** of the Scheme, the following rules for the bid ranking apply:

- (1).First criteria: Sort by storage cost in ascending order. If bids are still equal, proceed to the second criterion.
- (2).Second criteria: Rank bids based on generation and storage cost per kWh injected power in ascending order as per FiT price (lowest prices will have an advantage).
- (3).Third criteria: Sort by the size of the RES power plants (from lowest to highest) to encourage competition and increase the number of awarded projects.
- (4).Fourth criteria: This applies exclusively to FiT facilities and favours newer plants based on their commercial operation date, with an advantage given to the most recently operational facilities based on their years of service.

16 AWARD CRITERIA

1. **Pre-qualification approval (Pass/Fail):** projects are evaluated against specific technical criteria outlined in **Annex III**. Only those projects meeting the technical criteria will be allowed to advance to the bidding stage. This ensures that only technically viable projects proceed, maintaining a high standard of quality and feasibility in the competition.
2. **Applicant's eligibility (Pass/Fail):** Contribution to the objectives of this call, the goals and aims of the Paris Agreement, as well as the 2030 climate and energy targets and long-term decarbonisation objective; contribution to the facilitation of a more cost-effective roll-out of renewables across the EU.
3. **Technical offer's eligibility (Pass/Fail):** Technical and financial maturity with operational quality regarding the project's readiness to commence operations within 12 months following the signing of the grant agreement:
 - a. **Technical maturity:** evidence indicating that the project is at an advanced stage of predevelopment, including permits to build and the capability to start operations within 12 months, application for grid connection, etc.; technical feasibility to initiate plant operations within the anticipated timeframe; and the quality, robustness, and reliability of the information presented in the proposal;
 - b. **Financial maturity and operational quality:** the level of commitment and consistency in the proposed project implementation; the qualifications of the participants, including their experience in executing the project; the credibility and robustness of the business plan; adequate financing to support the entire proposed project investment; quality of the risk assessment and the effectiveness of the risk mitigation strategy;

the communication strategy, if applicable; quality, robustness, and reliability of the information provided in the proposal.

4. **Ranking of financial bids:** the price offer will be denominated in EUR per kWh across categories A2 and Part B, whereas for category A1, the price will be based on the investment cost in Euro per kW.

Award criteria	Minimum pass score	Maximum score
Pre-qualification award	n/a	Pass/fail
Applicant's eligibility	n/a	Pass/fail
Technical offer's eligibility	n/a	Pass/fail
Ranking of financial bids	n/a	Scoring according to lowest price

Table 4: List of award criteria

5. Applicants must submit a complete package of properly prepared documents. They need to demonstrate their financial capability to execute the project (liquidity, debt structure, adequate turnover, etc.). They must state an absence of conflicting interests and of double funding by ensuring they do not exceed the threshold of public funding set in Regulation (EU) No. 651/2014.
6. The eligibility of applicants is verified during the online application submission stage. This is done by requiring specific data and documents, as well as predefined value limits that must be filled in. If an applicant does not provide valid information or all the required documents, they will not be able to proceed to the next stage of the application.
7. **Technical eligibility of the offers** is also assessed during the online application submission. Thresholds align with the technical criteria provided by MECI (or the TSO/DSO). For example, the evaluation includes ensuring that the technical proposal meets predefined technical parameters and is supported by uploading of relevant evidence.

However, all declarations made by the applicant require subsequent administrative verification to confirm their authenticity.

17 HOW TO APPLY

1. All proposals must be submitted directly online via an Electronic Submission Portal. Paper applications are NOT accepted. Applicants shall complete online application forms, which include sections for their profile, technical proposals, and financial offers.
2. Submission is a two-step process:
 - a. create a user account and register your organisation

To use the Online Submission Portal (the only way to apply), all participants need to create an account.

Once you have an account, you can register your organisation in [].

- b. submit the proposal for prequalification approval;
 - c. once approval in (b) is obtained, submit the proposal for a subsequent approval (administrative and technical).
3. Access the Online Submission Portal via the following page <https://meci.gov.cy/en/departments-services/business-facilitation-unit-bfu>. Submit your proposal as described above.
4. The proposal must keep to the **page limits** (see section [sample will be provided on the Appendix]); excess pages will be disregarded.
5. Documents must be uploaded to the **right category** in the Online Submission Portal otherwise the proposal might be considered incomplete and thus inadmissible. The proposal must be submitted **before the call deadline** (as indicated in Table 3: Bank Guarantees). After this deadline, the system is closed, and proposals can no longer be submitted.
6. Once the proposal is submitted, you will receive a **confirmation e-mail** (with date and time of your application). If you do not receive this confirmation e-mail, it means your proposal has NOT been submitted. If you believe this is due to a fault in the Online Submission System, you should immediately file a complaint via the IT Helpdesk webform, explaining the circumstances and attaching a copy of the proposal (and, if possible, screenshots to show what happened).
7. Details on processes and procedures are described in the Online Manual, which also contains links to FAQs and detailed instructions regarding the Online Submission System.

17.1 QUESTIONS AND ANSWERS

1. Try to find the answers through the Q&A web page in this and the other linked documentation (we have limited resources for handling direct enquiries):
 - a. Online Manual
 - b. FAQs on the DOSS website (for call-specific questions)
 - c. Portal FAQ (for general questions).
2. Please also consult the DOSS website regularly since we will use it to publish call updates.

17.2 CONTACT

1. For individual questions on the Online Submission System, please contact the IT Helpdesk.
2. Non-IT related questions should be sent to the following email address: bfures@meci.gov.cy.
3. Questions received during the last five working days before the call closure will not be answered.
4. Please clearly indicate the reference of the call and topic to which your question relates.
5. Important
 - a. **Re-submission** – Proposals may be changed and re-submitted until the deadline for submission.
 - b. **No double funding** – There is a strict prohibition of double funding from the EU budget (except under EU Synergies actions). Outside such Synergies actions, any given action may receive only ONE grant from the EU budget and cost items may under NO circumstances be declared to two different EU actions.
 - c. **Rejection** – By submitting the application, all applicants accept the call conditions set out in this this Call Document (and the documents it refers to). Proposals that do not comply with all the call conditions will be **rejected**. This applies also to applicants: All applicants need to fulfil the criteria; if any one of them doesn't, they must be replaced, or the entire proposal will be rejected.
 - d. **Cancellation** – There may be circumstances which may require the cancellation of the call. In this case, you will be informed via a call or topic update. Please note that cancellations are without entitlement to compensation.
 - e. **Language** – You can submit your proposal in English or Greek (project abstract/summary should however always be in English).

18 APPLICABLE STATE AID REGIME

1. The financing approach for investments benefiting from aid will adhere to the revised General Block Exemption Regulation of the Commission (EC Regulation (EU) 2023/1315).
2. Under this procedure, applicants shall comply with the state aid regime defined in Article 41 and more specifically in paragraph 1a of Regulation (EU) No. 651/2014 of the Commission declaring certain categories of aid compatible with

the internal market pursuant to Articles 107 and 108 of the Treaty ("Regulation (EU) No 651/2014", as last amended by Regulation (EU) 2023/1315 of 23 June 2023), at compliance with the conditions of chapter I7.

3. Investment aid for only new storage facilities is granted that are built as part of combined renewable energy projects and for local storage (behind-the-meter) when both elements are components of the same investment. Investment aid will only be granted for new equipment. No investment aid will be provided for the reconstruction, repair and renovation of an existing renewable energy facility.
4. The GBER's Article 41(5) applies the 75% rule universally, regardless of an RES installation's capacity, ensuring flexibility for storage connected to renewable energy sources in supporting grid services. To prevent overcompensation and windfall profits from unexpectedly high revenues, the CfD approach will serve as a recovery mechanism to reclaim any surplus from market revenues. The CfD will be subject to regular monitoring, review, and adjustment after the contract period.
5. In order to avoid undersubscribed tenders, the selection procedure will be organised in more than one tender round subject to budget availability.
6. The projects eligible for support under the Scheme will be chosen using a criterion that prioritizes the lowest cost per category/sub-category. For Investment aid, selection will be based on the bid costs per kW of the proposed power storage capacity.
7. When the budget is depleted, a new call may be announced that will include Operating aid for future opportunities based on available budget.
8. The operating aid scheme, which will be based on a two-way CfDs as explained in Section 4.
9. This reference price for Renewable Energy projects is defined with a fixed price during the whole duration of the scheme, based on the commercial operation day of each project. The reference price will shift to a daily valuation based on the wholesale market once it becomes operational or once Cyprus will be interconnected with Greece, after the 10-year contract for new projects or after the end of the contract for FiT projects.
10. Projects will be selected in an ascending order, i.e., starting from the minimum bid (either Euro/kW or Euro/kWh) and then moving upwards to select the next lowest bid, until the tendered capacity or budget is exhausted per category (see Paragraph 11).

19 GRANT AGREEMENT

1. Under the Scheme, selected proposals will lead to a Grant Agreement between each beneficiary and MECI. This agreement will outline each party's responsibilities and obligations according to the Scheme's guidelines and the JTF rules. Additionally, the obligations of the participating company will be secured by guarantees from two individuals.
2. The signing of the Grant Agreement must occur within three months following the issuance of the approval letter. Failure to do so will result in the approval being revoked and the allocated funds being made available again.
3. Upon agreement execution, beneficiaries are required to supply the necessary stamps as mandated by relevant laws. All beneficiaries under the Scheme are bound to adhere to both national and EU environmental legislation, the principle of “do no significant harm”, and uphold commitments to gender equality and not-discrimination as specified in the annexed Laws and Regulations (**Annex V and Annex VI**).

20 PROJECT IMPLEMENTATION

1. Investments must be fully implemented and completed within the deadlines listed in section 13.2.1.a. Investments unfinished by this deadline will be ineligible for grants. MECI may grant a three-month extension if a written request is received from the beneficiary by registered letter or email before the initial deadline. In assessing an extension request, MECI may consider, among others, the beneficiary's timely actions toward the project implementation, including but not limited to, the responses of the beneficiary toward any authorities' requests, equipment order placements, financing approvals, etc, assuming that the deadlines for the JTF are not jeopardized.
2. The implementation date of the investment is recognized as follows:
 - a. for equipment brought in from overseas, it is acknowledged by the date on the purchase invoice and the import / receipt date;
 - b. for items acquired within the local market, it is determined by the date on the supplier's invoice.
3. Expenses incurred prior to the approval decision are undertaken at the applicant's own risk and do not obligate MECI to approve or reject the application.
4. Initiating any eligible expenditure category must not commence before the application date. If any expenditure category begins before the application is submitted, it will be completely disqualified from eligibility.

5. The commencement of implementation will be considered as the initiation of the announcement of eligible projects on MECI (BFU) website after the bidding process.

21 GRANT PAYMENT

1. Grant payments for Part A will be distributed in two (2) instalments, as detailed in the accompanying table.

Payment of grant		
	Certified Project	Grant
Advance payment	Signing of the Grant Agreement.	Deposit covering up to 20% of the approved grant, with the deposit of the equivalent bank guarantee.
Final payment	After the completion and certification of the physical and financial object and goals of the project.	Approved grant amount minus any previously received advance payment

2. An advance payment does not require submission of expenses but does necessitate a written request by the beneficiary (More details will be provided on the DOSS website).
3. The advance payment made to a beneficiary must be substantiated by expenses incurred during the project's implementation, which should be validated through paid invoices or equivalent accounting documents by the time of the final payment, as stipulated by the Scheme's terms.
4. The final payment will be issued upon completion of the project's physical and financial components, consistent with the approved investment plan. This payment requires prior verification that all conditions of the Scheme have been met and all necessary documentation has been submitted as outlined in the grant payment request. If the beneficiary opts not to receive an advance payment, the full grant amount may be disbursed in one instalment.
5. The beneficiary must retain all documents specified in Annex D to ensure adherence to the 'do no significant harm' principle throughout the investment's implementation.
6. If the project is not completed within the specified deadline as detailed in point 20, such that it fails to meet the mandatory criteria and conditions, the beneficiary will forfeit its right to receive the Grant (participation in the scheme is not excluded). This includes the obligation to repay any advanced funds, plus interest calculated at the

Single Public Interest Rate for Late Payment, as defined by the Laws of 2006 and 2012 and subsequent amendments or decrees by the Cyprus Ministry of Finance.

7. Requests to increase the subsidised budget via amendments to the approval decision are not permitted.

8. All required documents and evidence for the final payment must be submitted within one month following the completion date of the investment, as specified in the approval letter.

9. The payment note issued by the Treasury of the Ministry of Energy Commerce and Industry is considered as proof of completion of the project. Proof of payment shall be recorded in the relevant envelope and shall bear the special stamp.

22 CLARIFICATIONS

22.1 Own CONTRIBUTION

1. The funds exceeding the grant needed to complete the total project budget will constitute the project's own contribution. This can be financed either through loans from financial institutions or direct company resources. Proof of own contribution must be included in the electronic application submission, such as bank statements or letters certifying available funds in the name of the business or its shareholders. If shareholder funds are used, an additional formal declaration indicating their commitment to finance the project is required.

2. For own contributions financed through bank loans, official documentation from the financial institution confirming the loan approval must be presented. The Grant Agreement will specify that grant funds must be deposited into a designated account, and any change to this account must be approved in writing by the lending bank. The agreement will also ensure all transactions related to eligible expenses are processed through a bank account registered under the beneficiary's name, adhering to stipulations outlined in paragraph 8.3.14 of the Clearing Act.

22.2 GRANT FUNDS

Grant funds will be disbursed directly to the beneficiary and cannot be transferred to third parties.

22.3 ELIGIBLE INVESTMENTS

1. Beneficiaries must purchase new machinery and equipment for the project. The eligible costs will cover the procurement of energy storage systems, their installation and technical testing, site preparation, container housing system (incl. HVAC, fire suppression system, DC panel, auxiliary supply inside the housing), inverter,

transformer, balance of system, energy management system (incl. SCADA), Engineering, Procurement and Construction (EPC), and the certifications of storage units. No aid will be provided for research and development, facilities for electricity generation from RES and for their connection to the grid, as well as for Value Added Tax (VAT).

2. Investments to meet Union standards post-transition period per Union legislation are ineligible for funding.

3. Union standards refer to compulsory levels that businesses must meet, primarily regarding environment, hygiene, and animal treatment practices.

4. Eligible expense documentation includes original or certified true copies of paid invoices and payment receipts, which should be kept for audits as specified in the Grant Agreement. Invoices and receipts must be in the business's name.

5. The grant calculation for equipment costs will be based on the CIF (Cost, Insurance, and Freight) price for items imported directly by the company from abroad, or on the purchase price as shown on the invoice for items bought domestically. Invoices from Cypriot suppliers of machinery, equipment, or services that are not VAT-registered will not be accepted.

6. Invoices will be considered valid for payment if they are settled through the company's banking mechanisms, including cheques, credit card payments, or direct bank transfers, all in the name of the supplier. This must be substantiated with relevant documentation such as the company's bank statement, which should detail the cheque numbers, and record bank and credit card transactions used for these payments.

7. If the cheque number is not specified on the payment receipt for an invoice, a bank-stamped copy of the cheque is required. Payments in cash will not be eligible for grant reimbursement. Expenses under €100, excluding VAT, are also ineligible. For equipment purchases through a finance lease where the applicant is the lessee, costs will be recognized if lease payment documentation is submitted.

8. All subsidized assets must be used solely in the aided unit, be depreciable, and purchased from unrelated third parties. Purchases from relatives up to the 4th degree or affiliated businesses will only consider the original cost of products or raw materials. Notably, acquiring services or software from these relatives or affiliated entities does not qualify as an eligible expense.

9. For all eligible expenses, quotations must be submitted with the application.

10. MECI holds the authority to set the final eligible cost for all investment cost categories based on available data.

11. For grant disbursement, beneficiaries must clear any dues with the Social Insurance Services and the Department of Taxation regarding VAT and income tax. Under the Law on Accounting and Financial Management and Financial Control of the Republic of Cyprus (Law 38(I)/2014), Article 13 "Offsetting of Income and Expenses",

the Accountant General may offset payments due to any economic entity or specialist from payments made to individuals or legal entities.

23 DEFINITIONS

1. **Committee:** means the Committee to be agreed between the EU and Cyprus and will have the responsibility to manage the resources available under the Scheme, to monitor compliance with the terms of the Scheme, as well as to examine and decide on any issues arising in the context of this Scheme. The Committee has also the right to appoint authorized officers from all the competent Departments/Ministries/Services or other bodies, in order to perform the duties of evaluators, inspectors or any other duties to adequately carry out its work.
2. **Category:** This term designates a distinct grouping used in the tender framework where competitors with similar characteristics or specific attributes compete. Categories facilitate the organization and classification of participants according to various criteria such as technology type, project size, type of enterprise, market participation, terms of grid connection of the operator responsible for the project, among others.
3. **Compensation Price** for the energy fed into the grid by RES systems with Energy storage: the average price that will be determined by the tendering process by the applicants.
4. **DOSS:** Digital One Stop Shop and refers to the online platform of BFU Service.
5. **Facility's self-consumption:** The proportion of electricity a facility consumes directly from the grid, excluding losses attributed to the storage system, when this constitutes at least 20% of the facility's annual electricity use. Facilities achieving over 80% self-consumption, indicating minimal reliance on grid electricity, are generally advised against participating in this scheme to emphasize the importance of effective energy storage and utilization.
6. **Hybrid Facility:** For the purposes of this Scheme, a hybrid facility is called a RES power plant, which has a storage system directly connected to the electricity generation system and the connection of the system to the electricity transmission or distribution network is done through a common connection.
7. **Intermediate Body of the grant Scheme projects:** as outlined in Regulation (EU) 2021/1060, this includes the Project Implementation Selection and Monitoring Unit and the Verification Unit. For the purposes of this Scheme, it serves as the project's Intermediate Entity, which according to the Decision of the Council of Ministers [], is located within the premises of MECI.
8. **Ministry:** The Ministry of Energy, Commerce and Industry (MECI) of Cyprus.

9. **Mature renewable energy technologies:** refer to those that have been developed and deployed at a large scale, demonstrating proven reliability, efficiency, and cost-effectiveness. These technologies have undergone significant advancements over time and have been widely adopted in the energy sector.
10. **Net-billing:** This method is established to calculate the difference between the cost of electricity purchased (according to the consumer's applicable tariff) from the electrical system and the credit received from selling excess electricity produced by the RES Electricity Production System and fed into the Network. This calculation is done for each pricing period as determined by the purchase price of Electricity from RES, which is set by CERA and outlined in the Scheme. Applicants in this category (both new and existing are applicable for the scheme under category A1.4 and A2.4 respectively).
11. **Net metering:** The netting at the meter level of the kWh exported from the storage system compared with the kWh imported (consumed) from the storage system.
12. **New plant:** Any RES plant that has not obtain the operational licence from CERA till the grant agreement takes place under the current support scheme.
13. **Production capacity:** the "net maximum electrical power" (The maximum active power that can be supplied continuously, with a fully operational facility, at the point of connection (i.e., after deducting the electrical energy for own needs and the losses in the transformers, which are considered an integral part of the operation of the plant).
14. **RET:** Renewable Energy Technologies
15. **RES Fund:** Renewable Energy Sources and Energy Conservation Fund (Law L108(I/2022).
16. **Scheme:** The present support Scheme named "Scheme for the installation of energy storage systems in combination with facilities for electricity generation from RES (Hybrid systems)".
17. **Self-generation:** the production of electricity from RES, which is used at any time exclusively for own consumption at the applicant's premises.
18. **Undertaking:** means any natural or legal person, whether governed by public or private law, or as a whole or an association of persons, with or without legal personality, engaged in an economic activity (as defined under Community competition law). That is, the concept of an enterprise is not limited to a company, or a natural or legal person engaged in an economic activity but may include a group of companies or several economic units or natural persons, acting jointly as a single economic entity.