

Explanatory Document GREEN
**Greener and more Efficient Energy consumption in
Industry**
2022-2024



Flanders
State of
the Art

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1. Situation and objective of the call

The Flemish Government wants to have at least 10% of industrial energy consumption from renewable sources by 2030.

A [study by Technopolis and VITO](#) commissioned by VLAIO shows that greening energy for heating plays a key role in this endeavour. The study proposes several technologies that could replace traditional heating. Based on this study, an impulse programme was established. This is an action plan that implements the study's recommendations. The new GREEN investment support is part of this impulse programme.

2. Legal framework

The legal basis of the appeal is:

The Decision of the Flemish Government to implement Section 44 of the Flemish Government's Decree of 16 November 2012 to subsidy support to companies for strategic ecology investments in the Flemish Region, regarding the invitation for greening and energy efficiency key themes.

3. Which investments are eligible?

The government support focuses on companies making investments in:

- transitioning from fossil fuels (such as heating oil, natural gas and diesel) to electric power or green energy (such as biogas and green or blue hydrogen). (Theme “**Greening**”) and/or
- reducing their overall energy consumption (Theme “**Energy Efficiency**”).

The following investments are not eligible:

- investments in technologies included in the [Limitative Technology List \(LTL\)](#) of the ecology premium+ subsidy measure. These investments must be submitted through the ecology premium+. However, you may split projects or investments to submit the different parts through different subsidy instruments;
- investments to meet legal requirements (e.g. related to standards to be met, environmental permits, energy policy agreements and sector federation agreements, etc.). Investment must clearly go beyond what is required by law.

The following definitions clarify terms applied in this document:

- *Renewable energy source that can be supported within GREEN*: a non-fossil energy source. This includes: solar thermal energy (other than PV or solar photovoltaic panels), geothermal, soil or water (no ambient, so air-powered heat pumps are excluded), biomass meeting the sustainability criteria of [RED II](#), gas from sewage treatment plants and biogas.
- *Energy carrier*: a product containing energy in the form of fuel, heat/cold or electricity.
- *Greening*: the replacement of fossil fuel use with the use of green heat, green cooling, electric power, green hydrogen, blue hydrogen or residual heat or cold. **Not eligible**: the use of solid or liquid biomass that does not meet the sustainability criteria of RED II, and energy from ambient air or landfill gas.
- *Energy Efficiency Improvement*: an increase in energy efficiency due to technological, behavioural and/or economic changes;
- *Green hydrogen*: hydrogen produced from green electricity.
- *Blue hydrogen*: hydrogen produced from fossil fuels with carbon separation (carbon capture) and permanent storage (carbon storage) or use of the captured carbon emissions (carbon utilisation).

3.1. Greening Theme

‘Greening’ refers to an end user replacing fossil fuels (such as natural gas, diesel, heating oil, etc.) with the use of green heat, green cooling, electric power, green hydrogen, blue hydrogen or residual heat or cold.

Green energy carriers we subsidise in this invitation are:

- Heat, coming from:
 - Renewable energy sources (definition see above)
 - Green or blue hydrogen
 - Residual heat
- Electrification (example: making a natural gas-powered process electric)

! Attention - not eligible:

- solid or liquid biomass that does not meet RED II sustainability criteria
- ambient air (example: air-powered heat pump)
- landfill gas;
- PV panels, wind turbines, or other ways to produce electricity

3.2. Energy Efficiency Theme

The first step toward more sustainable use of energy is to use less energy. If energy is used more efficiently for your core activities, you can also receive subsidy (e.g., through adjustments to the production process, thermal storage, etc.). Core activities are activities that are primarily production-related.

What is not eligible?

- The technology to be invested in must exceed **standard technology**. Standard investments such as thermal insulation, more efficient lighting, speed control of compressors, building management systems, making the vehicle fleet more sustainable, solar panel control etc. are not eligible for subsidy.
- Investments only related to the building, vehicle fleet, etc. are not eligible.
- Investment in new **fossil** technologies is not eligible unless it is about upgrading residual heat.

3.3. Invitation phases

Enterprises can apply for subsidy for both greening and energy efficiency. Depending on the evaluation of submitted projects and the available budget, the focus may shift to the greening theme as from July 2023. If this is the case, we will communicate this via vlaio.be.

4. Who can submit an application for this project invitation?

All SMEs and large enterprises that invest in an operating seat in the Flemish Region, carry out an acceptable main activity ([NACE code](#)), and have an acceptable legal form.

- Organisations without an operating seat in the region must establish a place of business in the Flemish region no later than one year after approval of the subsidy application.
- If you are in the target group of [EBO Flanders](#), you must also have joined the energy policy agreement.
- Excluded are agricultural enterprises, third-party financing, enterprises in which the government holds a share of 50% or more, enterprises in difficulty or enterprises against which government subsidy recovery proceedings are pending.
- NPO's with an economic activity are eligible if they keep separate accounts for the relevant economic activity.

4.1. Explanation of acceptable legal form

Enterprise is defined as: natural persons who are merchants or practicing an independent profession, commercial companies with a legal entity, NPO's with economic activity, commercial partnerships and civil companies, European economic interest groupings and economic partnerships.

Commercial companies with legal entities are the following (Section 2 Companies Code):

- limited liability company, nv;
- private limited liability company, bv;
- cooperative society, cvba or cvoa;
- partnership, vof;
- ordinary limited partnership;
- joint stock limited partnership;
- economic partnership, ESV;
- European company, SE;
- European cooperative society, SCE.

The following unincorporated companies are not eligible:

- temporary trading company;
- actual association;
- silent trading company;
- partnership.

4.2. Financing through an asset management company

The investments may be managed by an asset management company that is part of the same group as the applicant company. The companies are considered part of the same group in one of the following cases:

- the asset management company has a direct or indirect participation of at least 25% in the applicant company;
- the applicant company directly or indirectly owns at least 25% of the asset management company;
- a natural person or legal entity directly or indirectly participates at least 25% in both companies.

When financing investments through an asset management company, the operating company should apply for the subsidy. The financial accounting and depreciation are carried out at the asset management company. The applicant operating company receives the actual environmental subsidy funds. The application of the five-year period means making the amount available to the subsidy applicant company for five years.

4.3. Definition of enterprise size

Company size is determined based on the [European SME definition](#). Relating to this invitation, small and medium-sized enterprises receive a higher rate of subsidy than large enterprises.

5. How much is the subsidy rate?

	SME	Large
Eco-class A*	40%	30%
Eco-class B**	30%	20%

A company may include multiple investments in a single project. The company can submit multiple projects. Total support will be limited to 1 million euros per company for the entire project duration.

* Projects that achieve high cost-effectiveness (CE) (high environmental benefits per euro invested, $CE \geq 1.5$) are classed as eco-class A.

** Projects that achieve lower (but still sufficient) cost effectiveness ($CE < 1.5$ but > 0) are classed as eco-class B.

The eco-class classification is part of the assessment. This calculation is based on the ReCiPe Endpoint method based on an LCIA (Life Cycle Impact Analysis).

6. Which costs are accepted?

The total project cost to realise your investment must be a minimum of 50,000 euros to be eligible. Not all costs will be accepted. The figure below explains this further:

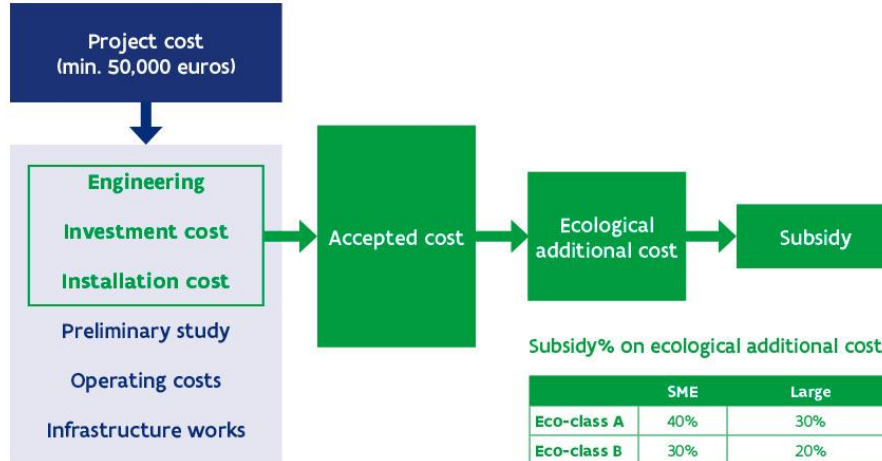


Figure 1: Distinction between project cost, accepted cost, the ecological additional cost and the subsidy.

6.1.1. Project costs

A project must be sufficiently substantial in terms of investment to be eligible for the project invitation. This is determined on the basis of the **project cost**. This includes all costs required to carry out the project. The combined costs for engineering, investment, installation, preliminary study, operational costs and infrastructure costs must amount to **at least 50,000 euros**.

Additional conditions:

- The subsidy may not be cumulated with any other government support. For this reason, the company must sign a sworn statement with the subsidy application.
- Investments must be depreciated in compliance with accounting regulations over a period of at least 3 years.

- A project may start only on the first day of the month following the month in which the subsidy application was submitted. The start date is the earliest date, either of the first invoice, of the deed upon acquisition of real estate, or of the lease contract (see also 8.2 8.2 Start of the project).

6.1.2. Acceptable costs:

As illustrated in figure **Error! Reference source not found.**, accepted costs include the following components:

- Engineering costs: calculations and sizing of the chosen technology
- Investment cost: the effective cost of the new device
- Installation cost: the cost to place the installation

Only billed (external) costs are accepted in this context. Internal costs (payroll), operational costs, study costs and costs for raising buildings, foundations or other civil engineering will not be accepted.

6.1.3. Non-accepted costs

As illustrated in **Error! Reference source not found.**, non-accepted costs include the following components:

- Preliminary study: analysis of technical and/or economic feasibility of possible technologies, impact on the environment, etc.
- Operating costs: the consumption costs of the new device (e.g., electricity, chemicals, etc.)
- Infrastructure works: cost of raising buildings, foundations, sewers, roads, etc.

6.1.4. The ecological additional cost

Ecological investment – standard investment = additional ecological cost

Subsidy amount= additional ecological cost x subsidy percentage

The **ecological additional cost** is the cost of the additional investment (excluding VAT) necessary to achieve the environmental objectives.

The additional investment is calculated by comparing the ecology investment **with a conventional investment** that is technically similar but does not allow for achieving the same level of environmental protection (= the standard investment). The comparison is based on equal production capacity. Furthermore, savings and/or returns during the first five years (discounted to the European reference rate) of the useful life are deducted from the **additional cost**.

7. Submission and evaluation

VLAIO decides whether or not a project will receive subsidy and can request any relevant info from any party involved for justification.

7.1. Submission

The project invitation will run until the end of 2024 or until the funds are exhausted. If the balance is not sufficient to fully support the next subsidy application, no more subsidy will be awarded from the balance, unless the next subsidy applicant agrees to allocation of the remaining balance only.

Projects will be considered in order of submission date, subject to meeting the deadline for providing any missing information (12 working days).

You can apply for GREEN investment subsidy by completing the steps below:

1. You request a preliminary interview through the [application form](#). During this interview, we will assess your investment plans and inform you if these are likely to receive subsidy funding. After this interview, you will understand the focal points for your project to prepare a correct subsidy application.
2. Please submit the subsidy application via vlaio.be/GREEN and upload the following documents:
 - a. the **project description** (in Word or .pdf)
 - b. the **project budget** (in Excel)

7.1.1. Project description

The project description covers the substantive aspects of the application.

This is a brief description of:

- the activities of the company and the location where the investment will be made
- the project with the planned ecology investments
- the comparable standard investment
- the contribution to environmental and climate goals, among others, including a calculation
- the status of the environmental permit.

7.1.2. Project Budget

All costs for both the ecology investment and the standard investment must be noted in the Excel form of the application. Also map the inputs and outputs of the process.

7.2. Eligibility check

Once submitted, VLAIO will evaluate applications based on the eligibility criteria listed below:

- the applicant meets the conditions for submission as stated in points 043 and 4
- the project costs are at least €50,000 as stated in point 02
- the application was submitted in a timely and complete manner as stated in Section 7.16.1
- the company has not yet started investing as stated in point 8.2 6.1
- the investment is in no way required by law.

GREEN investment support may not be cumulated with other government support. This means that the company may not apply for subsidy for the same eligible investment costs from different organisations and/or subsidy instruments. This means, for example, that no overlap is allowed in calls from VLAIO and VEKA, that there should be no overlap between premiums from Fluvius and subsidy through VLAIO, etc.

VLAIO decides whether or not the application is admissible. If the application is inadmissible, VLAIO notifies the subsidy applicant accordingly via mail.

7.3. Assessment

7.3.1. Procedure

VLAIO evaluates the admissible application based on the project description and project budget.

7.3.2. Assessment criteria

There are five evaluation criteria:

1. Clear description of the technology and its technical feasibility.
2. Positioning of the technology relative to an industry standard technology and, if relevant, the Best Available Technology (BAT, state of the art) for the industry.
3. Economic feasibility and added value of the subsidy.
4. Cost-effectiveness of environmental benefits of investments.
5. Ambition level of environmental objectives and quantification of environmental impact.

These assessment criteria are evaluated using a scoring grid with score categories of 'critical', 'moderate', and 'good'.

A project is evaluated negatively if:

- at least one criterion is rated as 'critical'.
- a project is scored 'moderate' for three or more evaluation criteria.

VLAIO prepares a decision proposal to the Flemish minister responsible for economic affairs. The subsidy applicant will be notified of the decision via email.

8. Follow-up steps after project assessment

8.1. Project approval

VLAIO aims to provide the applicant with a decision via mail within 4 months of the submission date.

8.2. Starting the project

To ensure the **incentive nature** of the subsidy, the company **must not have started investing** yet.

A project may start from the first day of the month following the month in which the subsidy application was submitted. The start date is set as the earliest date either of the first invoice, deed upon acquisition of real estate, or lease contract.

For example: you submit the subsidy application on 15 April 2023. In that case, the earliest the investment may start is 1 May 2023. If you submit on 8 May, the earliest the investment may begin is 1 June. This is independent of any subsidy approval.

The project must start within 12 months after subsidy approval. If this deadline is exceeded, VLAIO may decide on extending the deadline to start the investment. This extension is maximum six months (up to maximum 18 months after subsidy approval).

The project must be implemented no later than three years after the decision date.

8.3. Disbursement

8.3.1. Basic conditions of disbursement

The basic conditions for disbursement are:

- proper implementation of the approved application;
- the timely and correct submission of supporting documents;
- compliance with applicable legal provisions.

8.3.2. Disbursement

The subsidy awarded is paid out in two instalments of 50%. The first part is disbursed after 50% of the project costs have been demonstrated. The second part is paid out upon completion of the project. The 'date of termination' means the last date either of the last invoice or of the last or only lease agreement.

The applicant attaches supporting documents relating to the investment costs to the disbursement application. VLAIO reviews accountability documents and may request additional information from any party involved.

All disbursement requests must be submitted to VLAIO no later than six months after the end of the project.

Application first part of 50% of subsidy

The beneficiary files a request for disbursement of the first part as soon as at least 50% of the project is realised, attaching the following supporting documents:

- the invoices for purchases and, if applicable, lease contracts;
- proof of activation: the depreciation tables or an extract from the general ledger accounts.

Request for disbursement of second part of 50% of subsidy

The beneficiary requests disbursement of the second part no later than 12 months after completion of the project, attaching the following supporting documents:

- the invoices for purchases and, if applicable, lease contracts;
- proof of activation: the depreciation tables or an extract from the general ledger accounts;
- a sworn statement.

If after completion of the project the costs incurred are lower than originally estimated, the subsidy will be recalculated and prorated in accordance with the demonstrated eligible costs. If the costs incurred are higher than originally estimated, the subsidy cannot be exceeded.

The subsidy is not finally acquired until final approval of the reported costs. It is possible that your file will be checked by the VLAIO inspection service after disbursement. In cases of unlawful aspects, the subsidy may be revised.

How to request a part

The decision email you receive includes a link to request payment. Can't find this email? Log in via e-loketondernemers.be. E-loketondernemers.be is an umbrella digital platform that serves as a central overview of the products you have requested across agencies, cities and municipalities.

Applying safely and easily with eID/itsme, the GREEN investment support file is available via 'Current applications'. Click 'View Your File' to request payment.

9. General information

All information is available at vlaio.be/green

Do you have a question about this project invitation? Send an e-mail to green@vlaio.be.

VLAIO

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www.vlaio.be/en