

Part III.8 - Supplementary Information Sheet for the notification of an evaluation plan

Member States must use this sheet for the notification of an evaluation plan pursuant to Art. 1(2)(a) of Regulation (EU) No 651/2014¹ and in the case of a notified aid scheme subject to an evaluation as provided in the relevant Commission guidelines.

Please refer to the Commission Staff Working Document "Common methodology for State aid evaluation"² for guidance on the drafting of an evaluation plan.

1. Identification of the aid scheme to be evaluated

(1) Title of the aid scheme:

See notification

(2) Does the evaluation plan concern:

(a) a scheme subject to evaluation pursuant to Article 1(2)(a) of Regulation (EU) No 651/2014?

(b) a scheme notified to the Commission pursuant to Article 108(3) TFEU?

(3) Reference of the scheme (to be completed by the Commission):

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(4) Please list any existing *ex-ante* evaluations or impact assessments for the aid scheme and ex-post evaluations or studies conducted in the past on predecessors of the aid scheme or on similar schemes. For each of those studies, please provide the following information: (a) a brief description of the study's objectives, methodologies used, results and conclusions, and (b) specific challenges that the evaluations and studies might have faced from a methodological point of view, for example data availability that are relevant for the assessment of the current evaluation plan. If appropriate, please identify relevant areas or topics not covered by previous evaluation plans that should be the subject of the current evaluation. Please provide the summaries of such evaluations and studies in annex and, when available, the internet links to the documents concerned:

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¹ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, p. 1).

² SWD(2014)179 final of 28.5.2014.

2. Objectives of the aid scheme to be evaluated³

2.1. Please provide a description of the aid scheme specifying the needs and problems the scheme intends to address and the intended categories of beneficiaries, for example size, sectors, location, indicative number:

See notification

2.2. Please indicate the objectives of the scheme and the expected impact, both at the level of the intended beneficiaries and as far as the objective of common interest is concerned:

See notification

2.3. Please indicate possible negative effects, on the aid beneficiaries or on the wider economy, that might be directly or indirectly associated with the aid scheme⁴:

See notification

2.4. Please indicate (a) the annual budget planned under the scheme, (b) the intended duration of the scheme⁵, (c) the aid instrument or instruments and (d) the eligible costs:

See notification

2.5. Please provide a summary of the eligibility criteria and the methods for selecting the aid beneficiaries. In particular, please describe the following: (a) the methods used for selecting beneficiaries (e.g. such as scoring), (b) the indicative budget available for each group of beneficiaries, (c) the likelihood of the budget being exhausted for certain groups of beneficiaries, (d) the scoring rules, if they are used in the scheme, (e) the aid intensity thresholds and (f) the criteria the authority granting the aid will take into account when assessing applications:

See notification

³ Beyond providing a general description of the objectives and eligibility rules of the scheme, the aim of this section is to assess how the eligibility and exclusion rules of the scheme may be used to identify the effect of aid. In some cases, the precise eligibility rules may not be known in advance. In those cases the best available expectations should be provided.

⁴ Examples of negative effects are regional and sectorial biases or crowding out of private investments induced by the aid scheme.

⁵ Aid schemes defined in Article 1(2)(a) of Regulation (EU) No 651/2014 are excluded from the scope of the Regulation six months after their entry into force. After having assessed the evaluation plan, the Commission may decide to extend the application of the Regulation to such schemes for a longer period. Member States are invited to precisely indicate the intended duration of the scheme.

2.6. Please mention specific constraints or risks that might affect the implementation of the scheme, its expected impacts and the achievement of its objectives:

See notification

3. Evaluation questions

3.1. Please indicate the specific questions that the evaluation should address by providing quantitative evidence of the impact of aid. Please distinguish between (a) questions related to the direct impact of the aid on the beneficiaries, (b) questions related to the indirect impacts and (c) questions related to the proportionality and appropriateness of the aid. Please explain how the evaluation questions relate to the objectives of the scheme:

The evaluation questions proposed below are an initial list, which shall be refined as a result of the first interim report to be delivered to the European Commission by 31.12.2022.

The evaluation shall provide general information on whether the scheme achieves its objectives, as well as on the number and type of beneficiaries. In particular, the evaluation shall be based on questions relating to both the direct and indirect effects of the aid, its wider economic effects and questions relating to the appropriateness and proportionality of the aid.

The *direct effects* of the scheme shall be evaluated, for example, by assessing increase in the production of energy from combined heat and power generation (CHP).

The main *indirect effects* of the scheme that are expected to be evaluated include, but are not limited to, its contribution to the reduction of CO² emissions or to the negative repercussions did the CHP support have had on other electricity producers, and, possibly, to the creation of jobs in the supplier industry. Similarly, other *wider economic effects* (i.e. potential negative indirect effects) of the scheme, for instance on electricity prices or competition in the electricity market, shall also be considered.

The *appropriateness* of the aid instrument shall be evaluated by comparing the size of scheme, for example in terms of financial resources, with that of other similar schemes in RO or in other EU Member States, while the *proportionality* of the aid will be evaluated in particular by assessing the economic viability of the assisted projects.

Some guidance on how to structure evaluation questions for such an evaluation plan is provided below.

a) Questions on the *direct effects* of the aid:

1. How has electricity generation from CHP plants evolved? (if possible: compared to non- successful applicants or another appropriate control group)

Suggested indicator: Electricity generation from combined heat and power plants

2. To what extent has the support led to investments in the construction or retrofitting or modernisation of CHP plants?

Suggested indicator: Number of installations broken down by installed power and investment volume.

3. What has been the impact of CHP support for new plants, retrofitting and modernisation on CHP electricity generation? (if possible: compared to non-successful applicants or another appropriate control group)

Suggested indicators: Number of newly built or modernised plants retrofitted; Installed power; Operating hours at peak output; Qualitative information on the effectiveness of promotion

4. What has been the impact of the support for existing plants on the stock of CHP (prevention of closure) and on the cogeneration production of the supported existing CHP plants? (if possible: compared to non- successful applicants or another appropriate control group)

Suggested indicators: Number of closures; Installed power; Operating hours at peak output; Qualitative information on the effectiveness of promotion

b) Questions on the *indirect effects* of the aid:

1. Has the aid led to a decrease in the level of primary non-renewable energy consumption?

Suggested indicator: reduction in primary non-renewable energy consumption

2. Did the aid result in a reduction of CO² emissions?

Suggested indicator: reduction in CO² emissions

3. How many jobs were created in the supplier industry?

Suggested indicator: Employment created (FTE)

c) Questions on the *wider economic effects* of the aid:

1. Were there adverse effects on electricity prices?

Suggested indicator: Changes in electricity prices (retail and wholesale) that can be attributed to increase share of CHP

2. What impact has the aid had on competition (in particular, the efficiency of entry and exit) in the electricity market in Romania? Has the aid increased the beneficiary's market power?

Suggested indicator: Market shares; market concentration; etc.

3. What negative repercussions on the electricity market did the CHP support have, in particular, in relation to the other energy transition targets?

Suggested indicator: Qualitative statements if possible supported by quantitative analysis

d) Questions about the *proportionality and appropriateness* of the aid:

1. Was the type of public intervention efficient compared to other schemes (e.g. existing and previous RO schemes and schemes in other EU Member States)?

Suggested indicator: Average aid amount per additional CHP production capacity

2. Was the level of aid proportionate? Was the support for the plants appropriate? How has the profitability of the supported plants evolved in a changing market environment?

Suggested indicator: Aid provided; profitability profiles

3. Could the corresponding measures have also been obtained or incentivised with a lower budget/aid intensities or with a different form of aid?

Suggested indicator: total cost of implementation; aid provided

In addition to this, a set of questions providing background information on the description of the scheme's output could be added to the evaluation plan. These may include:

- How much aid was given?

Suggested indicator: Total aid provided

- How many enterprises/projects/beneficiaries have received the aid under the scheme?

Suggested indicator: Number of enterprises/plants that received support (i.e. number of beneficiaries)

- Which were the main types of beneficiary projects and enterprises?

Suggested indicator: Differentiated result indicators above by area of use (industrial, commercial, general care), by size and age of enterprises, by installed power and/or other relevant factors

- How many projects were developed under the scheme?

Suggested indicator: number of implemented projects

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4. Result indicators

4.1. Please use the following table to describe which indicators will be built to measure outcomes of the scheme, as well as the relevant control variables, including the sources of data, and how each result indicator corresponds to the evaluation questions. In particular, please mention (a) the relevant evaluation question, (b) the indicator, (c) the source of data, (d) the frequency of collection of data (for example, annual, monthly, etc.), (e) the level at which the data is collected (for example, firm level, establishment level, regional level, etc.), (f) the population covered in the data source (for example, aid beneficiaries, non-beneficiaries, all firms, etc.):

See section 3 for a proposed list of relevant result indicators.

This initial list will be updated and refined and included in the first interim report to be delivered to the European Commission by 31.12.2022.

In particular, the indicators will be mapped against the relevant evaluation questions and reported based on the table below:

Evaluation question	Result indicator	Comparison on group (e.g. general business population, rejected)	Data source (e.g. name of administrative database, survey)	frequency of collection (e.g. annual, multiple years, single)	level of collection (e.g. establishment, company, region, etc.)	Population of data collection (e.g. beneficiaries, all enterprises)	Envisaged method
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		applicants , specific group		year)		applicants (both beneficiari es and not), etc.)	
Impact of aid granted for research, development and innovation							
1. Direct impact(s) on the aid beneficiaries (e.g. differentiated by size, location, sector, etc.)							
2. Indirect impacts							
a) Positive impact(s)							
b) Negative impact(s)							
3. Appropriaten ess of the aid instrument							
4. Proportionalit y of the aid							

Please explain why the chosen indicators are the most relevant for measuring the expected impact of the scheme:

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5. Envisaged methods to conduct the evaluation

5.1. In light of the evaluation questions, please describe the envisaged methods to be used in the evaluation to identify the causal impact of the aid on the beneficiaries and to assess other indirect impacts. In particular, please explain the reasons for choosing those methods and for rejecting other methods (for example, reasons related to the design of the scheme)⁶:

Romania commits to assess the effectiveness of the scheme by using counterfactual impact evaluation methods and according to the timeline indicated in section 7.1.

The specific methodology for the evaluation will be discussed and agreed with the European Commission and it will be described in the first interim report to be delivered to the European Commission by 31.12.2022.

The following methodological considerations will be used as the starting point for the identification of the evaluation approach to be used:

The specific characteristics of the scheme pose some methodological issues that shall be considered when estimating the causal effect associated with the aid. To begin with, and in accordance with the evidence brought about by similar schemes, it seems very implausible that high-efficiency cogeneration based on heat demand will be implemented without the aid support. Hence, the possibility to create a control group based on non-successful applicants is undermined, as it is unlikely that unsuccessfully applicants will produce electricity without support.

Moreover, there might be the non-negligible risk that the size of the group of both beneficiaries and unsuccessfully applicants is not large enough for conducting ex-post evaluations based on counterfactual methods, as already documented by similar schemes.

Eventually, there are several external forces that, in the last period, might have worsen the financial situation of a beneficiary. It then follows that were these beneficiaries included in the treatment group any comparison would most likely be biased. In a similar vein, such firms should be excluded also from the control group, as they would not share similar observable characteristics, thus leading to biased comparison and, hence, to results that ultimately will not be grounded on a solid evidence.

Given the characteristics of the aid scheme and the limitations described above, the most viable methodology to be applied for the purpose of the evaluation of the effectiveness of the Aid scheme appears to be Difference-in-Differences (DiD). In particular, undertaking the staggered time of the aid intervention allows to exploit the different round of calls foreseen in the scheme. Along these lines, successful projects in a given call are compared, over the same period, to other projects that have not been granted the aid yet, but they will be successful in

⁶ Please make reference to SWD(2014)179 final of 28.5.2014.

the next call. More in details, projects that at time, say t , are not started yet could represent the “control” group of projects that, instead, have already started over the same time.

This approach would allow the identification of the causal effect of the aid. To this end, the analysis shall include the relevant statistical exercises that allow testing the main assumptions underlying the applied model. These will encompass an event-study analysis to assess the absence of differential trends in performance across beneficiaries and non-beneficiaries before the intervention, at least in the context of the direct effects of the aid. If feasible, also a placebo test shall be implemented, either on a related-but-unaffected outcome or treatment group or based on a “fake” treatment date (in this latter case, the sample would be restricted to the pre-implementation period only). In case the validity of the applied method is not confirmed by these tests, the evaluation report should clearly specify and discuss to what extent the estimated relationships can be interpreted as simple correlations.

Further dimensions, such as the geographical area, could be possibly exploited to create different definitions of treated and control groups.

The above empirical approach, as well as all possible caveats and issues equipped in the context of this specific scheme, shall be described in a methodological report. Then, in agreement with the European Commission, it will be decided whether to confirm the use of the DiD in the final version of the evaluation or to investigate and pursue different evaluation strategies.

In all cases, the counterfactual analysis shall be accompanied by descriptive statistics drawn from administrative and survey data (even if aggregated at sector/region level) in support of the evidence, especially when potentially relevant unobservable factors, such as the firms’ propensity to invest in renewables, are not directly measurable.

5.2. Please describe precisely the identification strategy for the evaluation of the causal impact of the aid and the assumptions on which the strategy relies. Please describe in detail the composition and the significance of the control group:

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5.3. Please explain how the envisaged methods address potential selection bias. Can it be claimed with sufficient certainty that observed differences in the outcomes for the aid beneficiaries are due to the aid?

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5.4. If relevant, please explain how the envisaged methods intend to address specific challenges related to complex schemes, for example schemes that are implemented in a differentiated manner at regional level and schemes that use several aid instruments:

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6. Data collection

- 6.1. Please provide information on the mechanisms and sources for collecting and processing data about the aid beneficiaries and about the envisaged counterfactual.⁷ Please provide a description of all the relevant information that relates to the selection phase: data collected on aid applicants, data submitted by applicants and selection outcomes. Please also explain any potential issue as regards data availability:

Depending on the final list of indicators identified, the specific data collection aspects will be described in the first interim report to be delivered to the European Commission by 31.12.2022.

- 6.2. Please provide information on the frequency of the data collection relevant for the evaluation. Are observations available on a sufficiently disaggregated level, that is to say at the level of individual undertakings?

Depending on the final list of indicators identified, the specific data collection aspects will be described in the first interim report to be delivered to the European Commission by 30.09.2022.

- 6.3. Please indicate whether the access to the necessary data for conducting the evaluation might be hindered by laws and regulations governing confidentiality of data and how those issues would be addressed. Please mention other possible challenges related to data collection and how they would be overcome:

Depending on the final list of indicators identified, the specific data collection aspects will be described in the first interim report to be delivered to the European Commission by 31.12.2022.

- 6.4. Please indicate whether surveys of aid beneficiaries or of other undertakings are foreseen and whether complementary sources of information are intended to be used:

Depending on the final list of indicators identified, the specific data collection aspects will be described in the first interim report to be delivered to the European Commission by 31.12.2022.

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Please note that the evaluation might require sourcing of both historical data and data that will become progressively available during the deployment of the aid scheme. Please identify the sources for both types of information. Both types of data should preferably be collected from the same source as to guarantee consistency across time.

7. Proposed timeline of the evaluation

7.1. Please indicate the proposed timeline of the evaluation, including milestones for data collection, interim reports and involvement of stakeholders. If relevant, please provide an annex detailing the proposed timeline:

The evaluation will be carried out in subsequent stages and will include the following deliverables:

- a. **Interim report 1:** methodological report presenting descriptive statistics on the scheme as it has been implemented until 31.12.2021. Based on the descriptive statistics collected and the aspects discussed in the previous sections of this evaluation plan, the report will identify the evaluation questions for the evaluation, the final list of indicators for the analyses, the specific methodology that will be used for the evaluation. The methodology for the evaluation will be discussed and agreed upon with the European Commission

Delivery to the European Commission: 31.12.2022

- b. **Interim report 2:** impact evaluation on the effectiveness of the scheme until 2025. Depending on the availability of data, this evaluation report may focus only on the period 2022-2026 or will more likely include also data related to the previous scheme (in perspective, data from 2010 onwards).

Delivery to the European Commission: 31.12.2027

- c. **Final report:** The final report will present the impact evaluation of the complete scheme.

Delivery to the European Commission: 30.06.2033

7.2. Please indicate the date by which the final evaluation report will be submitted to the Commission:

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7.3. Please mention factors that might affect the envisaged timeline:

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8. The body conducting the evaluation

8.1. Please provide specific information on the body conducting the evaluation or, if not yet selected, on the timeline, procedure and criteria for its selection:

It is planned to conduct the final evaluation by an external, independent evaluator, which is to be selected through tender procedure. The evaluation must be carried out by an expert independent from the aid granting authority. The tender procedure to select the evaluator therefore will include criteria to exclude possible conflicts of interest

8.2. Please provide information on the independence of the body conducting the evaluation and on how possible conflict of interest will be excluded during the selection process:

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8.3. Please indicate the relevant experience and skills of the body conducting the evaluation or how those skills will be ensured during the selection process:

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8.4. Please indicate which arrangements the granting authority will make to manage and monitor the conduct of the evaluation:

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8.5. Please provide information, even if only of an indicative nature, on the necessary human and financial resources that will be made available for carrying out the evaluation:

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9. Publicity of the evaluation

9.1. Please provide information on the way the evaluation will be made public, that is to say, through the publication of the evaluation plan and the final evaluation report on a website:

The evaluation results and the data on which they are based will be published, unless there are predominant public or individual interests that oppose this.
In any case, the data used for the evaluation will be made available to the European Commission for purposes of transparency and replicability of the analyses.
The final evaluation report will be published online on the website of [...]

9.2. Please indicate how the involvement of stakeholders will be ensured. Please indicate whether the organisation of public consultations or events related to the evaluation is envisaged:

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9.3. Please specify how the evaluation results are intended to be used by the granting authority and other bodies, for example for the design of successors of the scheme or for similar schemes:

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9.4. Please indicate whether and under which conditions data collected for the purpose or used for the evaluation will be made accessible for further studies and analysis:

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9.5. Please indicate whether the evaluation plan contains confidential information that should not be disclosed by the Commission:

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10. Other information

10.1. Please indicate here any other information you consider relevant for the assessment of the evaluation plan:

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10.2. Please list all documents attached to the notification and provide paper copies or direct internet links to the documents concerned:

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