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Subject: State aid SA.100301 (2021/EV) – Czechia– Evaluation Plan for the aid scheme SA.63671

Excellency,

1. PROCEDURE

- (1) Following pre-notification contacts which started on 23 June 2021, Czechia notified an evaluation plan for the aid scheme SA.63671 ('the scheme') on 14 October 2021. This submission was registered as Case SA.100301 (2021/EV) on the same day.
- (2) The aid scheme was established as part of the RES+ Programme devoted to renewable energy sources and fulfilling the provisions of Section 12 of Act No. 383/2012 Coll., as amended. The Act No. 383/2012 Coll. thus serves as a legal basis of the measure. It is financed from the Modernisation Fund. Czechia regards the scheme as being block exempted under Commission Regulation (EU) No 651/2014¹ ('GBER'). The scheme provides investment aid for the promotion of energy from renewable sources (GBER Section 7, Article 41). The aid is granted in the form of direct grants.
- (3) Czechia has informed the Commission that the aid scheme's annual average budget would exceed EUR 150 million in 2021 and subsequent years and therefore the aid scheme would become a scheme subject to the ex-post evaluation requirement in the meaning of Article 1(2)(a) GBER.

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

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- (4) A telephone conference between the Czech authorities and the Commission services took place on 19 October 2021. On 25 October 2021, the Commission's Joint Research Centre commented on the draft evaluation plan, providing suggestions for improvements in the plan's methodology and evaluation questions and indicators. The Commission subsequently relayed these comments to the Czech authorities. By email of 4 November 2021 the Czech authorities submitted an updated version of the plan.
- (5) By letter dated 23 November 2021, Czechia agreed exceptionally to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union ('TFEU'), in conjunction with Article 3 of Regulation 1/1958² and to have the present decision adopted and notified in English.

2. DETAILED DESCRIPTION OF THE KEY ELEMENTS OF THE NOTIFIED EVALUATION PLAN

- (6) As required by Article 2(16) GBER and in line with best practices,³ the evaluation plan contains the description of the following main elements: the objectives of the aid scheme to be evaluated, the evaluation questions, the result indicators, the envisaged methodology to conduct the evaluation, the data collection requirements, the proposed timing of the evaluation including the date for submission of the final evaluation report, the approach for the selection of the independent body conducting the evaluation, and the modalities for ensuring the publicity of the evaluation.
- (7) The scheme, which has been in force since May 2021, has been notified under GBER as it has an annual average budget in excess of the threshold laid down in Article 1(2)(a) GBER. This notification therefore constitutes an evaluation plan notification as referred to in that provision.

2.1. Objectives of the aid scheme to be evaluated

- (8) According to the Czech authorities, the share of renewable sources in total Czech energy consumption is still relatively low (around 16 %), especially in the electricity sector where more than 43 % of production comes from coal and lignite-fired power plants. The Czech National Energy and Climate Plan (NECP) sets out a goal of reducing greenhouse gas emissions by 30 % compared to 2005 levels. Furthermore, it targets 22 % of renewable electricity generation by 2030, which could rise further due to the recently revised and more ambitious 2030 targets for carbon emission reductions at Union level⁴.
- (9) The Czech authorities note that they register a strong appetite for solar Photo- Voltaic (PV) projects among investors, especially in underutilized locations such as brownfields or rooftops of buildings. The scheme aims to use this potential and incentivise investment in renewable generation technologies in the electricity sector.

² Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

³ Commission Staff Working Document on Common methodology for State aid evaluation, Brussels, 28.5.2014, SWD(2014) 179 final.

⁴ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions 'Stepping up Europe's 2030 climate ambition Investing in a climate-neutral future for the benefit of our people', COM/2020/562 final.

- (10) The scheme provides investment subsidies for newly installed solar PV capacity above 1 MW. In order to help the electricity network cope with the decentralisation of energy supply and prepare it for higher penetration of renewable generation in the future, energy storage technologies are also eligible for support as part of a solar PV project.
- (11) Newly installed solar PV capacity incentivised by the scheme should replace coal-fired sources in the merit order and substantially contribute to reaching Czech NECP targets, both in terms of greenhouse gas emission reductions and the share of renewables in the electricity generation mix. In the longer-term perspective, it should also help Czechia reach climate neutrality by 2050. The scheme should result in new renewable capacity of 3,074 MW and additional generation of 17.5 TWh of renewable electricity by 2030, saving 6.5 mil. tCO₂ annually. By reducing the need for coal generation, the scheme should also contribute to a better quality of the environment.
- (12) An eligible beneficiary can be any entity based in Czechia with a business licence in the energy sector pursuant to Act no. 458/2000 Coll. The Czech authorities expect substantial interest in the scheme among both incumbent electricity generators and new entrants, including municipalities, individuals and energy communities.
- (13) Applicants can generate power for own on-site consumption or provide supply to the grid. Various types of solar PV installations are eligible, including those in brownfields and on rooftops and water surfaces (floating panels). Installations on land designated for agricultural purposes are not eligible, unless panels are placed on high or vertical structures, enabling further agricultural use of the land. Aid for construction of an electricity storage system may only be granted for systems with a capacity of at least 20 % and up to 60 % of the theoretical hourly production at the installed peak power of the PV plant.
- (14) Applicants from the entire Czechia are eligible, including the capital Prague. Projects from regions affected by the national coal phase-out (Moravskoslezský, Karlovarský and Ústecký) will be favoured in the selection process by receiving more points (10 % of the maximum) to their score compared to applicants from other regions, in line with the Just Transition initiative⁵. During the pre-registration phase lasting from 30 November 2020 to 1 February 2021, more than 8,000 projects from over 1,000 applicants showed interest in the scheme.
- (15) After meeting the basic eligibility criteria, applicants are selected through a competitive bidding process according to three basic criteria with different weights: cost efficiency (60 % of the weight), technological conditions (30 % of the weight) and presence in coal regions in transition (10 % of the weight). In the first criterion, the lower the subsidy a project requires for the installation of 1 kW of generation capacity, the more points it is awarded. In the second criterion, more technologically complex projects, for instance those including energy storage solutions or floating panels, receive additional points. In the third criterion, applicants from coal regions in transition receive additional points.

⁵ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions 'A strong social Europe for just transitions', COM/2020/14 final.

- (16) The specific content of the criteria can change, depending on the technological progress or the development of the network system. In the early calls, for example, costly alternative forms of energy storage (such as hydrogen production) will not be taken into account. However, in calls further into the future such technologies might be included. Similarly, the rule favouring regions affected by coal mining closures could be reconsidered, depending on the situation in the regions. On the other hand, the Czech authorities consider that the principle of competitive bidding process based on clear, transparent and non-discriminatory criteria- in line with Article 2 (38) of GBER-will not be affected by these adjustments.
- (17) The annual budget for the scheme amounts to CZK 7 billion (EUR 280 million). The scheme is expected to be implemented over a ten-year period, i.e. from the announcement of the first call on 31 May 2021 until 31 December 2030. In accordance with Article 41(6)(b) GBER, the eligible costs are the costs of the renewable installation (including the cost of an energy storage solution accompanying the installation where applicable), reduced by the cost of an alternative investment in the form of a less environmentally-friendly source of the same generation capacity.
- (18) The scheme's budget is allocated to individual calls issued by the granting authority, which is the State Environmental Fund (SEF)⁶. The SEF decides on the number of calls for proposals per year and publishes information about application rounds on its website⁷.
- (19) Section 12 of Act No. 383/2012 Coll., as amended, foresees that a part of the resources available from the Modernisation Fund will be preferentially used for supporting projects submitted by operators of electricity generation facilities for the purpose of modernisation, diversification and decarbonisation of the energy sector, such as the construction and development of new renewable sources of electricity. Therefore, in terms of the type of applicants, the budget of the scheme will be divided as follows: a) 60 % of the allocation will be earmarked for projects of electricity producers pursuant to Article 10c of Directive 2003/87/EC⁸; b) 40 % of the allocation will be earmarked for projects submitted by any eligible applicant, regardless of whether they already have any generation capacities or are new entrants to the market.
- (20) Applications must not be purposely divided in order to circumvent the thresholds set by the scheme, in particular the threshold set in Article 4 and 41 GBER. In case an applicant divides a project into several stages, these are considered separate projects provided the time between the stages of implementation is longer than three years.⁹ A set of sub-projects, implemented within one investment plan or decision, which use

⁶ SEF is a funding agency administered by the Ministry of Environment. It facilitates investments in the protection and improvement of the environment in Czechia in the form of subsidies or loans. SEF co-finances projects that contribute to improving water quality, air quality, waste management and nature and landscape protection. SEF funnels financial resources from the Union structural funds or the Modernisation Fund and administers their disbursement. It also provides financial support from the Czech state's own resources for projects in the National Environment Programme.

⁷ www.sfzp.cz.

⁸ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, OJ L 275, 25.10.2003, p. 32.

⁹ If the interval between one of the stages is shorter than three years, the applicant's project will be considered as constituting one single project and the aggregate installed capacity will be taken into account.

one (pooling) transfer point to the electricity network may be also considered as one project.

- (21) The aid intensity thresholds are determined in line with Article 41 GBER (which in the case of aid granted through a competitive bidding process- as set out in recital (16) - allows 100 % of eligible costs to be reimbursed) and are further limited by an additional ceiling of 50 % of total expenditure (TE). After comparing the two caps (the maximum allowed under GBER and 50 % of TE), the lower one is applied.
- (22) According Czech authorities, some risk associated with the scheme lies in the increased demands on the electricity grid due to a growing number of new connections of generation capacities. This might result in increased cost of reinforcing the network, which would translate into higher retail electricity prices. For this reason, each call for proposals has a limited timeframe, which should allow network operators to gradually adjust to rising demand for connections. In view of the large interest expressed by potential bidders in the pre-registration phase, the Czech authorities consider the risk of calls for proposals being undersubscribed is very low.

2.2. Evaluation questions and result indicators

- (23) The evaluation will provide information on whether the scheme achieves its objectives, as well as on the number and type of beneficiaries. In particular, the evaluation will 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 result indicators are linked to the evaluation questions and to the objectives of the scheme.
- (24) The direct effects of the aid on the beneficiaries will be addressed by the following evaluation questions:
- i. Has the aid led to investments in and implementation of projects modernising, diversifying and decarbonising the energy sector, such as the construction and development of new renewable sources of electricity? Did the beneficiaries increase energy production from renewables?
 - ii. Did the beneficiaries increase renewable generation capacity and/or renewable electricity storage capacity?
 - iii. Did the beneficiaries increase investments in renewable energy sources?¹⁰
 - iv. Did the impacts vary among different tenders?
- (25) The indirect effects of the aid will be addressed by the following evaluation questions:
- v. Has the aid led to a decrease in the level of primary non-renewable energy consumption?
 - vi. Did the aid result in a reduction of CO₂ emissions?

¹⁰ Whereas question i is more general and focuses on investments in a wider range of sub-sectors and technologies in the energy sector (including storage, infrastructure and generating capacity), question iii focuses purely on investments in renewable electricity generation.

- vii. How many jobs were created in the supplier industry?
- (26) Wider economic effects of the aid will be addressed by the following evaluation question:
- viii. Were there adverse effects on electricity prices?
 - ix. Was there an impact of the scheme in market position of (large) beneficiaries?
- (27) The proportionality and appropriateness of the aid will be evaluated on the following basis:
- x. Was the type of public intervention efficient compared to other schemes (e.g. existing and previous CZ scheme¹¹ and schemes in other EU MS)?
 - xi. Was the level of aid proportionate?
 - xii. Could the corresponding decarbonisation measures have also been incentivised with a lower budget or aid intensities?
- (28) With regard to the evaluation questions on the direct effects, result indicators will include energy production from renewable generation sources, newly installed renewable generation capacity and energy storage capacity, investments in renewable energy sources and energy production from renewable generation sources by firm size. The analysis will focus on identifying the closest possible counterfactual, i.e. the situation as it would have evolved in the absence of the aid (for instance for non-successful applicants or another control group), so as to measure the impact of the aid (cf. subsection 2.3 below).
- (29) The main indirect effects of the scheme expected to be evaluated include, but are not limited to, its contribution to the reduction of primary non-renewable energy consumption, to the reduction in greenhouse gas emissions and to the creation of jobs in relevant supplier industries.
- (30) In order to assess wider economic effects of the aid, changes in retail and wholesale electricity prices attributable to rising share of renewable generation in the mix will be analysed. Additionally, changes in market shares of major generating companies will be observed, as well as the level of market concentration.
- (31) The appropriateness of the aid instrument will be evaluated by comparing the size of scheme, for example in terms of financial resources, with that of other similar schemes in Czechia or in other Member States. The proportionality of the aid will be evaluated in particular by assessing the economic viability of the assisted projects or the average aid amount per unit of renewable capacity installed as part of the scheme.

2.3. Envisaged methodology to conduct the evaluation

- (32) Overall, the evaluation plan is based on a counterfactual approach in order to identify the direct effects of the measure. The evaluator will compare (statistically) equivalent groups where the experimental group is exposed to a treatment (the aid) and a proper control group is not exposed to the treatment (does not receive aid).

¹¹ For instance: SA.40171 (2015/NN) 2006 RES support scheme in the Czech Republic.

- (33) However, the specific characteristics of the scheme pose methodological challenges for the evaluation that will be considered when estimating the causal effect associated with the aid. The evidence brought about by similar renewable support schemes suggests that it seems very implausible that the targeted renewable technology would be developed without the aid support. This undermines the identification of a control group based on a pool of non-successful applicants as it is unlikely that applicants not receiving aid will proceed with installing new renewable generation capacity.
- (34) In addition, the Czech authorities explain that several complementary renewable support programs are planned to be available in the period in which the evaluated scheme is in operation. Therefore, non-successful applicants in the evaluated scheme are very likely to seek support through other aid instruments. The fact that aid for similar projects might be granted through various schemes might lead to biased comparison and, hence, to results based on distorted evidence.
- (35) There is also a non-negligible risk that the size of the group of both beneficiaries and unsuccessful applicants is not large enough for conducting ex-post evaluations based on counterfactual methods, as already seen in similar schemes.
- (36) Given the characteristics of the scheme and the limitations described above, the most viable method for evaluating the effectiveness of the scheme appears to be the difference-in-difference method. The staggered sequence of the aid intervention allows to look at each round of calls separately and compare successful bids in a given call to projects that have not been granted aid yet, but are likely to be successful in a next call. Projects that have not started by a pre-determined time thus represent the control group, providing contrast and comparison with projects that have already been implemented by that same time. Such an approach would allow to identify the causal effect of the aid.
- (37) To this end, the analysis will include relevant statistical exercises that will enable the evaluators to test the main assumptions about the effects of the scheme. Those exercises 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, a placebo test will also be implemented, either on an outcome or treatment group that is related to but unaffected by the scheme, or based on a “fake” treatment date (in the 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 those tests, the evaluation report should clearly specify and discuss to what extent the estimated causalities can be interpreted as simple correlations.
- (38) Finally, differences in aid intensity could also help evaluate the efficiency of the intervention and identify possible adjustments in the interest of achieving an optimal outcome.
- (39) The empirical approach outlined above will be described with all its caveats in greater detail in a methodological report to be submitted by the Czech authorities by 28 February 2023. Drawing on early evidence from the implementation of the scheme, the report will enable the Commission to confirm the use of the difference-in-difference method to evaluate further stages of the scheme or, alternatively, to investigate and pursue different evaluation methods.

- (40) The counterfactual analysis will be accompanied by descriptive statistics drawn from administrative and survey data (even if aggregated at sectoral or regional level) to provide supportive evidence, especially for instances in which potentially relevant factors, such as the firms' propensity to invest in renewable technologies, are not easily measurable.

2.4. Data collection requirements

- (41) The evaluation will be based on information gathered from several data sources. One group of data on result indicators for both successful and rejected applicants comes from applications and (in the former case) follow-up reports collected, administered and processed by the SEF. From a database collected by the SEF, variables such as the type of organisation, the company's financial results, the district, the investment cost, the aid intensity, the maximum output, the utilisation rate and other technical data concerning the generating source and the estimated payback time of the investment can be obtained.
- (42) Information on the development of greenhouse gas emissions in the electricity sector and the total number of coal combustion units will be provided by the Ministry of Environment from the annual EU ETS reporting under Directive 2003/87/EC.
- (43) Finally, data related to the electricity generation mix, production and consumption from renewable sources, newly installed renewable generation capacity, energy storage capacity, market shares, market concentration and effects on electricity prices will be provided by the Ministry of Trade and Industry and by the Energy Regulatory Office.
- (44) The effects of the scheme on employment and some effects on the electricity market will be subject of an ad-hoc study to be commissioned during the final stages of the scheme, when sufficient evidence is expected to be at hand.
- (45) All indicator-related data will be available for evaluation on an annual basis. Some result indicators are likely show measurable progress during the later stages of scheme implementation, with more significant changes in these indicators expected after about three years (after the completion of the first larger projects).
- (46) The SEF, as the administrator of the scheme, will have access to all the data necessary to carry out the evaluation and calculate and assess the result indicators. The Czech authorities do not foresee the need for collecting additional data on both beneficiaries and rejected applicants using ad-hoc surveys.

2.5. Proposed timing of the evaluation, including the date of submission of the final evaluation report

- (47) The foreseen duration of scheme is until the end of 2030. The expiration date of GBER currently in place is 31 December 2023. Beyond that date, the Czech authorities commit to ensure that the scheme is still in conformity with GBER, amend it if necessary, and publish a new information sheet.
- (48) For a smooth transition to a future GBER, the Czech authorities have committed to the following time plan:

- *28.02.2023: final evaluation report for the period 2021-2023 (methodological document)*

The Czech authorities will submit a methodological report by the end of February 2023. The report will build on the evaluation plan already provided and on the available early evidence of the implementation of the scheme, contain descriptive statistics (if available) and, where appropriate, an updated description of the data and the methodologies that will be used for the evaluation. This methodological document will serve as the basis for the evaluation plan of the eventual subsequent scheme. The scheme should be suspended if the final evaluation report were not submitted in good time and sufficient quality.

- *31.12.2026: Additional report 1*

This will be an evaluation report with an assessment of the effectiveness and efficiency of the scheme covering the projects completed by 31.12.2024.

- *31.03.2030: Additional report 2*

This will be an evaluation report with an assessment of the effectiveness and efficiency of the scheme covering the projects completed by 31.12.2028.

- *31.12.2035: Additional report 3*

This will be a final and complete evaluation report with a comprehensive assessment of the scheme.

- (49) The Czech authorities commit to keep the Commission informed (by means of electronic communication) on an annual basis on the progress of the implementation of the scheme and of the data collection.
- (50) The Czech authorities also commit to inform the Commission of any element or difficulty that might seriously compromise the implementation of the plan or affect the agreed evaluation in order to find possible ways forward.
- (51) Czechia also commits to take the results of the evaluation into consideration as early as possible and/or for the development of following or similar schemes with similar goals.

2.6. Independent body selection to conduct the evaluation, or criteria for its selection

- (52) For the purposes of the evaluation, an independent steering committee will be formed which will consist of representatives of the following institutions: Energy Regulatory Office (ERO), the Office for the Protection of Competition (OPC), the Czech Technical University in Prague and an independent consultant in the field of renewable energy sector. Other experts with extensive knowledge of the electricity sector can be consulted as needed.

- (53) Neither the scheme guarantor (the Ministry of Environment)¹², nor the scheme administrator (the SEF) will have representatives on the steering committee. The ERO is an independent regulatory authority, the OPC is a consultative body for state aid, the Czech Technical University in Prague is an academic institution active, among others, in the field of research and development of renewable technologies. An independent consultant will be contracted to help with the work on evaluation reports. Members of the steering committee will sign an affidavit, confirming that they are not in conflict of interest in relation to evaluated projects or to the applicants submitting bids.

2.7. Publicity of the evaluation

- (54) The results of the evaluation of the aid scheme will be made public on the SEF website¹³. They will also be presented at the meetings of the Modernization Fund Platform, which consists of representatives of stakeholders from state administration bodies, professional associations and other stakeholders.
- (55) The interim evaluation results can be used to modify future calls for proposals in the scheme. The results of the final report can be used as valuable input for the design of future renewable support schemes.
- (56) The documents submitted by applicants are public documents, but information about business or operating conditions may be classified as confidential.

3. ASSESSMENT OF THE EVALUATION PLAN

- (57) The correct application of GBER is the responsibility of the Member State. The present decision on the evaluation plan does not assess whether the aid scheme to be evaluated was put into effect by the Member State in full respect of all applicable provisions of GBER. It does therefore neither create legitimate expectations, nor does it prejudice the position the Commission might take regarding the conformity of the aid scheme with GBER when monitoring it, or assessing complaints against individual aid granted under it.
- (58) Pursuant to Article 1(2)(a) GBER, certain aid schemes¹⁴ in the meaning of Article 2(15) GBER, if their average annual State aid budget exceeds EUR 150 million, should be made subject to evaluation. The Commission notes that the annual average budget of the aid scheme concerned exceeds EUR 150 million as of 2021 as set in Article 1(2)(a) GBER. Chapter I and section 7 (Article 41) of Chapter III of the

¹² As the authority responsible for designing and overseeing the programmes financed through the Modernisation Fund in Czechia, the Ministry of the Environment monitors the implementation of the scheme and approves its budget. The Ministry of the Environment devises and carries out the environmental protection policy and assists in meeting the declared national climate targets. This includes the goal of increasing the share of renewable energy in gross energy consumption, which is one of the aims of the scheme.

¹³ www.sfzp.cz.

¹⁴ Schemes under Sections 1 (with the exception of Article 15), 2, 3, 4, 7 (with the exception of Article 44), and 10 of Chapter III of this Regulation (Article 1(2)(a) GBER). ‘Aid scheme’ means any act on the basis of which, without further implementing measures being required, individual aid awards may be made to undertakings defined within the act in a general and abstract manner and any act on the basis of which aid which is not linked to a specific project may be granted to one or several undertakings for an indefinite period of time and/or for an indefinite amount (Article 2(15) GBER).

GBER constitute the legal basis for the aid scheme to benefit from the exemption from notification provided for in Article 108(3) of the TFEU.

- (59) As the Commission explained in recital 8 GBER, the evaluation of large schemes is required ‘[I]n view of the greater potential impact of large schemes on trade and competition’. The required ‘[E]valuation should aim at verifying whether the assumptions and conditions underlying the compatibility of the scheme have been achieved, as well as the effectiveness of the aid measure in the light of its general and specific objectives and should provide indications on the impact of the scheme on competition and trade’. State aid evaluation should in particular allow the direct incentive effect of the aid on the beneficiary to be assessed (i.e. whether the aid has caused the beneficiary to take a different course of action, and how significant the impact of the aid has been). It should also provide an indication of the general positive and negative effects of the aid scheme on the attainment of the desired policy objective and on competition and trade, and could examine the proportionality and appropriateness of the chosen aid instrument.¹⁵
- (60) In the light of these considerations, Article 2(16) GBER defines as evaluation plan ‘a document containing at least the following minimum elements: the objectives of the aid scheme to be evaluated, the evaluation questions, the result indicators, the envisaged methodology to conduct the evaluation, the data collection requirements, the proposed timing of the evaluation including the date of submission of the final evaluation report, the description of the independent body conducting the evaluation or the criteria that will be used for its selection and the modalities for ensuring the publicity of the evaluation’.¹⁶
- (61) The Commission considers that, as described in section 2 of this decision, the notified evaluation plan contains those minimum elements outlined in Article 2(16) GBER.
- (62) The evaluation plan gives a concise description of the key objectives of the scheme concerned and provides sufficient information to understand the underlying "intervention logic". The scope of the evaluation is defined in an appropriate way.
- (63) The evaluation questions are designed in a way as to assess the direct effect of the scheme on the beneficiaries compared to non-beneficiaries in order to measure the incentive effect of the scheme. The evaluation questions addressing indirect effects are linked to the specificities of the aid scheme, both in terms of objectives and aid instruments. The Commission notes that the evaluation plan includes also suitable analyses focused on the performance of beneficiaries’ competitors and on proportionality and adequacy.
- (64) The evaluation plan identifies and justifies result indicators that integrate the evaluation questions for the aid scheme concerned, and explains the data collection requirements and availabilities necessary in this context. The data sources to be used for the evaluation are described clearly and in detail. The Commission notes that the evaluation body will be able to take advantage of several different data sources, gathering a more complete set of information.

¹⁵ See Staff Working Document referred to in footnote 3 above, page 4.

¹⁶ Further guidance is given in the Staff Working Document referred to in footnote 3 above, pages 5-13.

- (65) The evaluation plan sets out and explains the main methods that will be used in order to identify the effects of the scheme, and discusses why those methods are likely to be appropriate for the scheme in question. It also points out some of the possible challenges the evaluators may encounter in view of the specificities of the scheme, especially the possible complications with the identification of the control group. In this respect, the Commission notes the commitment of the Czech authorities to adjust the evaluation approach based on the difference-in-difference method if early evidence from the implementation of the scheme suggests other methods might be more appropriate.
- (66) The proposed timeline of the evaluation is reasonable in view of the characteristics of the scheme concerned and the relevant implementation periods for projects supported under the scheme.
- (67) The proposed criteria for the selection of the evaluation body meet the independence and skills criteria established in the Staff Working Document (SWD 2014).
- (68) The proposed modalities for the publication of the evaluation results are appropriate and ensure transparency. In particular, the Commission takes note of the commitment to make publicly available the results of the evaluation report.
- (69) In view of the above, the Commission considers that the evaluation plan meets all requirements laid down in GBER, is established in line with the common methodology proposed in the Staff Working Document (SWD 2014), and is suitable given the specificities of the large aid scheme to be evaluated.
- (70) The Commission notes the commitment made by the Czech authorities to conduct the evaluation according to the plan described in the present decision and to inform the Commission of any element that might seriously compromise the implementation of the plan. The Commission also notes the commitment by the Czech authorities to fulfil the obligation to submit an evaluation report (methodological document) by 28 February 2023, two additional evaluation reports at the end of 2026 and 2030, as well as a final evaluation report by 31 December 2035.
- (71) Therefore, pursuant to Article 1(2)(a) GBER, the Commission decides that the exemption for the aid scheme for which the evaluation plan was submitted is applicable as of the date of notification of this decision to Czechia.
- (72) Alterations to this scheme, other than modifications which cannot affect the compatibility of the scheme under GBER or cannot significantly affect the content of the approved evaluation plan, are, pursuant to Article 1(2)(b) GBER, excluded from the scope of GBER, and must therefore be notified to the Commission.
- (73) The Commission notes the commitment made by the Czech authorities to communicate to the Commission any difficulty that could significantly affect the agreed evaluation in order to work out possible solutions.
- (74) The Commission notes that the scheme should be suspended if the final evaluation report were not submitted in good time and sufficient quality.

4. CONCLUSION

- (75) The Commission has accordingly decided that Regulation (EU) No 651/2014 of 17 June 2014, as amended, declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty will continue to apply to the aid scheme until the final date of applicability of that Regulation, laid down in its Article 59 and that the aid scheme shall remain exempted during the adjustment period of six months, after the final date of applicability of GBER, pursuant to Article 58(4) of the same Regulation.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President