

**Call for proposals  
for bilateral activity  
within**

**the Bilateral Fund on programme level  
HU03 Renewable energy programme area  
EEA Financial Mechanism 2009-2014**

**for participation at  
Geothermal workshop in Iceland for local governments  
“A” component**

**(HU03-Bilat-A-2017)**

**Valid from: 14 July, 2017, until withdrawal**

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## 1. BACKGROUND AND OBJECTIVES

### *1.1. Policy background*

With the financial support of the European Economic Area Financial Mechanism (shortly EEA Grants) 2009-2014, Hungary has the possibility to implement bilateral cooperation with Iceland, Norway and Liechtenstein (as Donor countries) in a mutually fruitful way to exchange know-how and experience. In the framework of the Bilateral Fund, Hungary puts a special emphasis on strengthening bilateral relations by promoting mutually fruitful cooperation, joint results, exchanging know-how, best practice and experience as well as improving knowledge and mutual understanding between Donor and beneficiary states.

As geothermal resources are indigenous and often quite economical over the long term in comparison with fossil based energy resources, in addition to being environmentally friendly, their utilization has the potential to increase energy security, contribute to savings on community and/or family scales, reduce greenhouse gas emissions and improve air quality.

Hungary's National Energy Strategy 2030 aims to ensure the long-term sustainability, security and economic competitiveness of domestic energy supply. One of the most important means of achieving the goals is to increase the share of renewable energy.

In Hungary there are large quantities of layered and karst water at temperatures below 130°C, but in certain areas, there are water resources of even higher temperature 130-250°C, which may even be suitable for power generation. Geothermal fluids are currently used mainly in baths and for drinking water in Hungary, but there is a great potential of utmost importance in district heating utilization, such as heating of buildings, baths or greenhouses as well as in power generation, which have not been sufficiently exploited yet.

The goal of strengthen the bilateral relations between the Donor States and Hungary under Renewable Energy Programme (HU03) will be implemented and granted by two set of activities:

1. “Geothermal workshop in Iceland for local governments” so called “A” component (HU03-Bilat-A-2017, present call), and
2. “Cooperation with Donor partners”, so called “B” component (HU03-Bilat-B-2017, for further details, please see the relevant call for bilateral activities)

The bilateral activity entitled “Geothermal workshop in Iceland for local governments” to be implemented under the Fund for bilateral relations at the Renewable energy (HU03) programme (hereinafter: Bilateral Fund) will contribute to the overall objective of the EEA Grants, namely to reducing social and economic disparities as well as strengthening bilateral relations, first of all by supporting education, capacity building, networking and raising awareness of important aspects of geothermal development.

The Ministry of National Development (“MND”) of Hungary is the so-called Programme Operator (hereinafter: PO) of the Renewable energy (HU03) programme.

### *1.2. Geothermal workshop in Iceland for local governments*

The goal of the workshop is to bring together **decision makers, engineers and managers of local governments involved in geothermal energy related activities** as well as to provide a

forum for exchange of knowledge and best practice on exploration, development and use of geothermal resource or communities that could benefit from the utilization of geothermal. The workshop will create a platform for an opportunity to learn about geothermal management, sustainability in geothermal utilization, investments of explore the possible use of geothermal resources as a renewable energy source. The activity will also increase knowledge about Hungarian and EU policy and compare it to Icelandic legislation and regulations pertinent to geothermal development.

The activity consists of 2 days workshop and 1 day field visit to be held in Iceland (further details set in Annex 1 of the present call for proposals). Final date of implementation is not later than 30 September 2017. PO holds the right to prolong this deadline in case of necessity.

Working language is English, consecutive interpretation is provided.

By increasing awareness among decision makers, engineers and managers, the workshops are intended to facilitate geothermal development in Hungary for the benefit of the country's citizens.

**Results to be achieved through the bilateral activity** are capacity-building of municipalities and increased cooperation between public authorities in Hungary and Iceland; better quality services ensured via cooperation and better organisation of tasks among municipalities and other stakeholders; revealing possibilities of Inter-municipal cooperation (IMC) arrangement, share of resources, creation of larger economies of scale or attract higher levels of investment; pilot experiences put in place via cooperation for public services.

The present guideline serves to assist Applicants (local governments with specific criteria defined in section 2.1 Eligible Applicants and participants) with the terms and conditions of the application.

## 2. ELIGIBILITY RULES

### 2.1. Eligible Applicants and participants of the workshop

**Eligible Applicants** for the open call are **local governments of Hungary** (321 GFO code<sup>1</sup>:) with a geothermal potential and district heating system, the proper list of these settlements<sup>2</sup> are listed below:

Temperature (°C)	Number of wells	Geothermal based settlement/settlement with district heating	Settlements with district heating network
40-50	214		Kecskemét, Kiskunfélegyháza, Kiskunhalas, Nagykőrös, Nyíregyháza, Püspökladány, Tiszavasvári

<sup>1</sup> GFO stands for the standard nomenclature in Hungary for the classification of different types of entities. GFO codes with Hungarian and English name and description can be found at the following page of the Hungarian Central Statistical Office (KSH): [http://www.ksh.hu/docs/osztalyozasok/gfo/gfo2017\\_struktura\\_tartalom.pdf](http://www.ksh.hu/docs/osztalyozasok/gfo/gfo2017_struktura_tartalom.pdf)

<sup>2</sup> According to the Strategic study prepared in 2014 for the request of the Ministry of National Development by the Ministry's background institution.

Temperature (°C)	Number of wells	Geothermal based settlement/settlement with district heating	Settlements with district heating network
50-60	125	Nagyatád	Dombóvár, Eger, Kecskemét, Mátészalka, Nyíregyháza, Nyírbátor
60-70	127	Bóly, Cserkeszőlő, Csongrád, Gárdony, Hódmezővásárhely, Kistelek, Makó, Mórahalom, Szeged, Szentes, Szigetvár, Szolnok, Veresegyház	Berettyóújfalu, Bonyhád, Budapest, Cegléd, Csorna, Debrecen, Győr, Hajdúböszörmény, Hajdúnánás, Hajdúszoboszló, Kaposvár, Kapuvár, Komárom, Mosonmagyaróvár, Tiszaújváros
70-80	59	Bóly, Hódmezővásárhely, Makó, Szeged, Szentes, Szentlőrinc, Vasvár,	Békéscsaba, Budapest, Hajdúnánás, Hajdúszoboszló, Mosonmagyaróvár, Sárvár
80-90	43	Cserkeszőlő, Csongrád, Hódmezővásárhely, Kistelek, Miskolc, Szeged, Szentes, Szentlőrinc	
above 90	45	Cserkeszőlő, Hódmezővásárhely, Makó, Miskolc, Szarvas, Szeged, Szentes	

**Participants** of the workshop being employees of the Applicants shall be decision makers, engineers and managers involved in geothermal energy related activities by local governments.

Maximum three participants shall take part at the workshop from each municipality. The MND, as the Programme Operator has the right to choose freely 1 or 2 or 3 participants of the Applicant in justified cases (e.g.: more participants applied then the budget would allow). For this reason, Applicants shall submit their participants list with prioritization.

## ***2.2. Eligible activities and obligations***

Activities to be implemented under the Bilateral Fund aim at strengthening bilateral relations by promoting mutually fruitful cooperation, joint results, exchanging know-how, best practice and experience as well as improving knowledge and mutual understanding between Donor and beneficiary states.

The present specific bilateral activity focuses on participation at the “Geothermal workshop in Iceland for local governments” which is specifically organized by the Hungarian Ministry of

National Development in cooperation with the National Energy Authority of Iceland for decision makers, engineers and managers of the relevant local governments in Hungary.

Eligible Applicant agrees that in case of a positive decision, it undertakes:

- to delegate maximum three participants meeting the requirement defined in section 2.1;
- to ensure that each delegated participant participates at the 2 days workshop and 1 day field visit (further details set in Annex 1 of the present call for proposals), which will be implemented after each other not later than 30 September 2017 in Iceland; PO holds the right to prolong this deadline in case of necessity;
- to ensure that delegated participants prepare a professional report of at least 9,000 characters in Hungarian and at least 3,000 characters in English on behalf of all delegates of the respective local government presenting the results achieved and lessons learnt;
- to make a presentation for the local government's decision makers (if possible, involving local stakeholders, public);
- to publish news and report on the Applicant's website;
- to publish news at least in one printed local newspaper.

### 2.3. Mandatory output indicators

<b>Output indicator</b>	<b>Description of the indicator</b>	<b>Minimum target value</b>
Number of professional reports in Hungarian	Participants prepare a professional report of at least 9,000 characters in Hungarian on behalf of all delegates of the respective local government; The reports shall be published on the website of the applicant.	1
Number of professional reports in English	Preparation a professional report of at least 3,000 characters in English on behalf of all delegates of the respective local government. The reports shall be published on the website of the applicant.	1
Number of published news and report on the Applicant's website	At least one news shall be published related to the training. All the prepared report (in Hungarian and in English) shall be available on the website.	1 2

<b>Output indicator</b>	<b>Description of the indicator</b>	<b>Minimum target value</b>
Number of published news on the local printed newspaper	At least one news shall be published related to the training.	1
Number of presentation for the local government's decision makers	Presentation for the local government's decision makers (if possible, involving local stakeholders, public)	1

#### **2.4. Applicable state aid rules**

The support to non-economic activities shall not be considered as state aid pursuant to Article 107 of the Treaty on the Functioning of the European Union.

### **3. FINANCIAL CONDITIONS**

*All costs of the training, flight and the local travel in Iceland, insurance, accommodation and catering are covered for the participants. Working language is English, consecutive interpretation is provided.*

#### **3.1. Grant rate**

Applicant do not receive any grant directly, PO transfers the grant to the Donor Partner, who organizes the training and above detailed logistics.

The grant rate is 100%

#### **3.2. Budget of the call**

**Common indicative budget of "A" component and "B" component: 43.056.000 HUF (138.000 EUR)**

***Proposals under "A" component receive priority during the selection procedure.***

The Programme Operator reserves the right to modify the above indicative allocation based on the merits of received applications, and/or to increase the amount of allocation if funds become available within the EEA Grant, and will issue a notification on the [www.norvegalap.hu](http://www.norvegalap.hu) website to inform the Applicants if such increase applies.

### **4. ADMINISTRATIVE INFORMATION**

#### **4.1. Submission of the application**

The application form and its annexes listed in section 4.2 have to be submitted via the online application platform called NORA system. To submit the application, the Applicant has to be registered at <https://nora.norvegalap.hu/>.

**The application form and its annexes must be completed in English.**

After submission, the NORA system generates a "Declaration stating the undertaking to meet the conditions of the Call for Proposals", which must be printed and formally signed and submitted in one hard copy as well in sealed packaging, by a registered mail service, addressed to the Implementing Agency to the following address:

**"Participation at Geothermal workshop in Iceland for local governments – HU03-Bilat-A-2017"**

**NFFKÜ - Nemzetközi Fejlesztési és Forráskoordinációs Ügynökség Zrt.  
1037 Budapest, Szépvölgyi u. 39.**

Please note that applications cannot be submitted by hand-delivery.

Please take into consideration that the **submission is continuous**, the review of eligibility and administrative criteria, as well as the evaluation will be carried out in order of reception of applications.

As for the evaluation, the date when the Implementing Agency declares that the application meets all of the administrative criteria is considered as the reception date of the proposal.

Applications can be submitted at any moment from the date of the announcement for submitting proposals until 31 July 2017. The PO reserves the right to prolong this deadline.

**4.2. Supporting documents to be uploaded as an attachment to the application**

Specimen signature of the duly authorised representative of the Applicant	Mandatory
Declaration stating the Applicant to meet the conditions of the Call for Proposals	Mandatory
Brief description of the Applicant on how it is connecting to geothermal energy related development and district heating system	Mandatory
Professional CV of each delegated participant	Mandatory
Declaration of the Applicant proving that the represented entity fulfils the criteria of transparency on the basis of paragraph 14 of Act CLXXXI of 2007 on providing fund from public money (scanned copy in pdf format)	Mandatory

The maximum size of uploaded attachments altogether must not exceed 50 MB.

**4.3. Further details and contact information**

Further information regarding the European Economic Area Financial Mechanism (EEA Grant) is available on the official Hungarian website of the Grants at [www.norvegalap.hu](http://www.norvegalap.hu).

Technical information related to the preparation and submission of the online application form may be requested from the customer service operated by the Implementing Agency:

NFFKÜ- Nemzetközi Fejlesztési és Forráskoordinációs Ügynökség Zrt.



e-mail: [info@norvegalap.hu](mailto:info@norvegalap.hu)

Information related to the terms and conditions of the present guideline may be requested from the Programme Operator at the e-mail address [info@norvegalap.hu](mailto:info@norvegalap.hu).

In case the Programme Operator receives questions and comments that require the reconsideration of the terms and conditions or any external circumstances to that effect occur then **the Programme Operator reserves the right to issue amendments to the current call prior to the deadline of submission** by notifying the Project Promoter in a written form.

## 5. SELECTION

### 5.1. *Review of eligibility and administrative criteria*

The Implementing Agency shall verify the compliance of the application with the below **eligibility and administrative criteria**:

- the submitted electronic application form is fully and duly completed;
- the electronic application form is filled out in English;
- the declaration – printable after the submission of the electronic application form – was submitted by post and on time;
- all the necessary annexes are attached electronically and are duly completed;
- the declaration was signed in compliance with the specimen signature;
- the local government meets the criteria set out in section 2.1

### 5.2. *Appraisal*

The application **will be subject to appraisal**.

During the appraisal the Programme Operator will assess the quality and preparedness of the application, with special regard to the followings:

- the initiative will contribute to strengthened cooperation between Hungary and the Donor State(s);
- position, experience and qualification of the delegated participants;
- knowledge of English is not a must but is an advantage.

**The PO reserves the right to hold personal interviews additionally to the above detailed appraisal process.**

Clarification questions during the appraisal may be addressed to the Applicant, which shall be answered within 3 working days.

### 5.3. *Decision-making*

Based on the findings of the appraisal, the Programme Operator can make the following decisions:

- to grant funding without modification,
- to grant funding with modification (reduced number of participants)

- to reject funding (for serious professional deficiencies or the lack of sources, in this case Programme Operator may set up a reserve list).

Once the decision is made, the Programme Operator shall forward it for non-objection to the Donor Programme Partner Icelandic National Energy Authority. If the Donor Programme Partner does not provide its objection within 2 working days, the Programme Operator's decision shall be considered final.

The Implementing Agency shall inform the Applicants on the result of the selection procedure. In case of rejected applications, the notification letter shall include the reasons for rejection.

The estimated time frame of the selection procedure from the receipt of an application is 30 days (not counting the time used by the Applicant to complete its application upon the Implementing Agency's request or to answer clarification questions).

#### **5.4. *Appeal procedure***

The Applicant may submit a reasoned appeal no later than 5 working days after receipt of the decision rejecting its application for reasons of non-eligibility or non-compliance with administrative requirements, provided that a violation of law or the provisions of the present call has occurred. Appeals shall be sent to the Implementing Agency at the following address:

NFFKÜ - Nemzetközi Fejlesztési és Forráskoordinációs Ügynökség Zrt.  
1037 Budapest, Szépvölgyi út 39.

If the decision to reject the application was made by the Implementing Agency, the Programme Operator shall make the decision with regard to the complaint, in all other cases it shall be investigated by the National Focal Point.

### **6. CONDITION OF CONCLUDING THE CONTRACT**

After a positive decision, the Applicant will be offered to conclude a contract. The participation contract shall be concluded between the Programme Operator and the Applicant. At least the documents listed below are necessary for the conclusion of the contract and shall be submitted by the Applicant before the contract is signed (if a document has already been submitted, it needs to be re-submitted only if a change has occurred in terms of their content):

- professional CV
- copy of personal ID
- copy of passport

### **7. REPORTING AND PUBLICITY REQUIREMENTS**

Eligible Applicant agrees that in case of a positive decision, it undertakes the following reporting and publicity requirements on behalf of the delegated participants:

- delegated participants prepare a professional report of at least 9,000 characters in Hungarian and
- each Applicant prepares a professional report of at least 3,000 characters in English on behalf of all delegated participants of the respective Applicant;
- each Applicant make a presentation for the local government's decision makers (if possible involving local stakeholders, public);
- each Applicant publishes news and report(s) on the Applicant's website;
- each Applicant publishes news at least in one printed local newspaper.

## **8. LEGAL FRAMEWORK**

List of acts, regulations and documents that have a high relevance regarding the present call:

- Government Decree 433/2015. (XII. 28.) on the publication of the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2009-2014 between Iceland, the Principality of Liechtenstein and the Kingdom of Norway and the Republic of Hungary;
- Regulation on the implementation of the EEA Financial Mechanism 2009-2014 (<http://www.norvegalap.hu/web/guest/jogszabalyok>);
- further guidelines published by the Donor in line with the regulations ([www.eeagrants.org](http://www.eeagrants.org));
- Government Decree 326/2012. (XII.31.) on the Implementation of the European Economic Area (EEA) Financial Mechanism 2009-2014 and the Norwegian Financial Mechanism 2009-2014;

## **9. ANNEXES**

Annex 1: Content of the bilateral activity

Annex 2: Draft sample of the contract (only in Hungarian, may be modified)

Annex 3: Communication and Design Manual (in English)

Annex 4: Declaration on the transparency of the organisation (in Hungarian)

## ANNEX 1: Content of the bilateral activity

The bilateral activity contributes to enhancing geothermal expertise within local governments in Hungary in order to strengthen their capacity to develop and utilize geothermal resources for the benefit of regions and municipalities where geothermal resources have been proven and district heating system is available.

The workshop includes two days of theoretical lectures and a one day field trip specifically developed for decision makers, engineers and managers of local governments of Hungary, who are involved in exploration for geothermal resources and/or development, implementation and management of geothermal projects.

The workshop gives an overview of the nature of geothermal resources and the possibilities for their utilization, with case examples from Iceland. Participants have opportunities for dialogue with the experts and lecturers on the development of geothermal resources in Hungary.

<i>Programme day 1</i>	
<b>9:00 – 10:00</b>	<b>Lessons learned from Iceland transformation from fossil fuels to renewable</b>
	<ul style="list-style-type: none"> <li>- Policy tour overview</li> <li>- Details from experience</li> <li>- Economic Development</li> <li>- Research/Education</li> <li>- Strategic long-term planning</li> </ul>
<b>10:15-11:15</b>	<b>Utilization of the geothermal water</b>
	<ul style="list-style-type: none"> <li>- Advantages of utilization of geothermal (existing infrastructure)</li> <li>- Geothermal district heating planning</li> <li>- Direct heat sales by thermal water production</li> </ul>
<b>11:30 – 13:00</b>	<b>Lunch</b>
<b>13:00 – 15:00</b>	<b>Regulatory framework analyses, comparison between Iceland and Hungary</b>
	<ul style="list-style-type: none"> <li>- Overview of geothermal regulatory framework in Iceland and Hungary <ul style="list-style-type: none"> <li>o Research and Development</li> <li>o Main areas of legal issues and regulatory barriers</li> <li>o Licensing (nature and environmental protection, building permit, water management licenses and mining concession)</li> <li>o Environmental regulations</li> <li>o Streamlining of regulations and administrative procedures</li> </ul> </li> <li>- Proposals for improving the regulatory framework for geothermal energy</li> <li>- Examination of existing mechanisms for funding at EU and the national level to reduce the capital costs and the risk inherent in utilizing emerging technologies</li> </ul>

<b>15:30</b>	<b>Meeting at the Seltjarnarnes district heating company</b>
<b>Evening</b>	<b>Dinner</b>
<i>Programme day 2</i>	
<b>9:00 – 11:00</b>	<b>Development of the Geothermal sector</b>
	<ul style="list-style-type: none"> <li>- Overview and Challenges of the geothermal sector</li> <li>- Examination of existing mechanisms for funding at EU and the national level to reduce the capital costs and the risk inherent in utilizing emerging technologies <ul style="list-style-type: none"> <li>o Financial support to geothermal electricity</li> <li>o Financial support to geothermal heating</li> <li>o Financial incentive guidelines</li> </ul> </li> <li>- Role of public (decision makers, regional / local governments, administrations) and private stakeholders</li> <li>- Facilitating access to targeted financing to further develop renewable energy at local level</li> <li>- Hungarian opportunities of the establishment of geothermal heating system</li> </ul>
<b>12:00 – 13:00</b>	<b>Lunch</b>
<b>13:00 – 15:00</b>	<b>Competitiveness of geothermal projects</b>
	<ul style="list-style-type: none"> <li>- Competitiveness of geothermal projects</li> <li>- Cost and structure of geothermal projects</li> <li>- Cost structure of geothermal district heating</li> <li>- Global price comparison of geothermal district heating</li> <li>- The geothermal global market structure</li> <li>- Business model for geothermal district heating and gas</li> </ul>
<b>Evening</b>	<b>Dinner</b>
<i>Programme day 3</i>	
<b>Study tour to geothermal fields in Reykjavík</b>	
<b>8:00</b>	<b>Hellisheiði Power Plant</b>
<b>10:00</b>	<b>Green houses at Hveragerði</b>
<b>12:00</b>	<b>Svartsengi and Reykjanes geothermal power stations</b>
<b>16:00</b>	<b>Blue Lagoon</b>
<b>18:00</b>	<b>Dinner at Blue Lagoon</b>