

ALTERNATIVELY-FUELLED HEAVY DUTY VEHICLES PURCHASE GRANT SCHEME SCHEME RULES

1. Overview

- 1.1 This document sets out the rules (the *Scheme Rules*) pursuant to which the alternatively-fuelled heavy duty vehicle (*AFHDV*) purchase grant scheme (the *Scheme*) will operate from 15 March 2021 until the end of the Scheme.
- 1.2 Under the Scheme, the Minister of Transport, acting through the Department of Transport (the *Department*), will provide funding to Transport Infrastructure Ireland (*TII*), which, in turn, will provide the Scheme. Through the Scheme, TII will provide grants (*Grants*) to applicants (*Applicants*) satisfying certain criteria as set out in these Scheme Rules but subject to the terms specified by it in order to promote the purchase and use of AFHDVs.
- 1.3 The Scheme is subject to review by the Minister for Transport (the *Minister*) and TII from time to time. The Scheme may be amended by TII in accordance with paragraph 11.

2. Background

- 2.1 The transport sector accounts for approximately 20% of Ireland's national greenhouse gas emissions, and transformational change is required if the sector is to reduce emissions in line with national and international commitments. Although heavy duty vehicles (*HDVs*) only account for approximately 5% of vehicles on European Union (*EU*) roads, they are responsible for around 25% of all road transport emissions. In 2019 alone, it was estimated that the HDV sector contributed over 19% of Irish land transport emissions. Projections indicate that without significant policy action, an upward emission trajectory is set to continue. Developing mitigation measures to successfully tackle emissions from this sector is an increasingly important objective.
- 2.2 To mitigate against this upward emission trajectory, the Department and the Low Emission Vehicle Taskforce determined the need for financial supports for the HDV sector, to assist in the transition to lower emitting alternatives.
- 2.3 At the request of the Department, TII has been tasked with establishment and temporary administration of the Scheme to aid in our national transport decarbonisation efforts and the transition to low and zero emission vehicle technologies with the objective of reducing transport emissions and pollutants. The Scheme aims to accelerate the decarbonisation of the heavy duty transport sector, which includes vans, trucks, buses and coaches. TII, in turn, has engaged one of its contractors to operate the Scheme (the *Scheme Operator*). Details of the current Scheme Operator can be found at paragraph 8.1(b) below.
- 2.4 The Scheme's provisions have been designed to accord with the general provisions of the 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 of the functioning of the EU (*GBER*) and, more particularly, with Section 7, Article 36, which concerns state aid for environmental protection.
- 2.5 In particular, the Scheme will encourage the purchase of new AFHDVs by enterprises in connection with commercial activity, and consequently increase the level of environmental protection resulting from their activities by exceeding applicable EU environmental standards,

or in the absence of such standards, to contribute to the protection of the environment resulting from their activities.

- 2.6 TII has secured funding from the Department to assist vehicle purchasers to bridge the price differential between alternatively-fuelled and conventional HDV technologies. Each year, funding for the Scheme will be determined by the Department as part of the annual estimates process, following consultation with TII.

3. **Scheme Period**

- 3.1 The Scheme commences on 15 March 2021 and applications for Grants may be made from that date.

- 3.2 Applications may be submitted until the earlier of:

- (a) 31 December 2021; or
- (b) the date on which funds for the Scheme for the calendar year 2021 have been exhausted (the *Scheme End Date*).

4. **Pre-condition to the Scheme**

- 4.1 The acceptance of Applications and then the making and timing of payments under the Scheme is wholly dependent on the level of funding allocated by Government to the Scheme in a particular calendar year.

- 4.2 Where allocated funding is expended in a particular calendar year, it will not be possible for Applications to be considered or for payments to be made until further funds become available.

5. **Purpose of Grant**

The Grant is provided to facilitate the purchase of a new AFHDV that exceeds EU environmental standards, or, in the absence of such standards, which contributes to the protection of the environment by promoting the transition to low and zero emission vehicle technologies.

6. **Eligible HDVs**

- 6.1 For the purposes of this Scheme, a HDV is a van, truck, bus or coach with an unladen design gross weight of more than 3.5 tonnes.

- 6.2 TII shall publish on its website from time to time a list of the categories of HDVs and power train eligible for the Scheme, by reference to scientifically validated low-emission vehicle technologies. Any such published list shall replace and supersede any prior list.

- 6.3 As of the commencement of the Scheme, the following types of HDV are eligible for the Grant:

- (a) a Compressed Natural Gas Fuelled Vehicle, meaning a new, non-retrofitted vehicle powered exclusively by compressed natural gas, and that does not operate on a bi-fuel basis;

- (b) a Liquefied Natural Gas Fuelled Vehicle, meaning a new, non-retrofitted vehicle powered exclusively by liquefied natural gas, and that does not operate on a bi-fuel basis;
- (c) a Fuel Cell Electric Vehicle, meaning a new electric motor vehicle powered by a fuel cell in combination with a battery or supercapacitor;
- (d) a Battery Electric Vehicle, meaning a new vehicle that is powered by an electric battery which can only be charged and re-charged by plugging in to an external electric power source; or
- (e) a Plug In Hybrid Electric Vehicle, meaning a new vehicle that is powered by a battery that may be charged and re-charged by plugging it into an external electric power source as well as by its on-board engine and generator.

7. Applicants

7.1 For the purposes of the Scheme,

- (a) **“Affiliate”** means:
 - (i) in respect of any person that is an enterprise, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;
 - (ii) in respect of an individual person,;
 - (A) an enterprise in which such person has a majority of the shareholders’ or members’ voting rights;
 - (B) an enterprise in which such person has the right to appoint or remove a majority of the members of the administrative, management or supervisory body;
 - (C) an enterprise in which such person has the right to exercise a dominant influence over pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association; or
 - (D) an enterprise, which is a shareholder in or member of another enterprise, which such person controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders’ or members’ voting rights in that enterprise;
 - (iii) **“Holding Company”** means in relation to a person, any other person in respect of which it is a Subsidiary; and
 - (iv) **“Subsidiary”** shall have the meaning ascribed to it in section 7 of the Companies Act 2014.

7.2 An Applicant can be any person (such as an individual or a body corporate), whether private, public or commercial. This includes any sole trader, company or statutory corporation.

7.3 It is a condition to the acceptance of any Application for a Grant that:

- (a) the Applicant and its Affiliates have not received Grants under the Scheme:
 - (i) where the combined total of such Grants exceeds €500,000 (including the Grant the subject of the Application); or
 - (ii) in respect of more than twenty (20) AFHDVs (including the vehicle the subject of the Application (the *Vehicle*));
- (b) where the Applicant is predominantly established in an EU Member State that is not Ireland, the Applicant must nonetheless show that it has some establishment, branch or activity within Ireland;
- (c) the Vehicle shall not have received or is to receive any other subsidy or grant under any other scheme;
- (d) the Applicant and its Affiliates are not subject to an outstanding recovery order made by the European Commission for repayment of illegal State aid previously granted by the State; and
- (e) the Applicant has not yet purchased the Vehicle. It is important to note that, as set out in further detail in the Scheme Terms and Conditions (see paragraph 9 below), in order to be eligible for a Grant, an Applicant cannot have purchased the Vehicle until having completed steps 8.1(a)- 8.1(e) below.

8. Grant process

8.1 The following process will apply to those looking to receive a Grant towards the purchase of an AFHDV (the *Applicant*):

- (a) The Applicant will complete an application form located on the TII's website (the *Grant Application Form*) and supply the required information, including the specifications of the Vehicle, evidence of the staff head count and turnover of the Applicant and, as applicable, information of any partner enterprise or linked enterprise (as defined under Annex 1, Article 3 of GBER), to enable a determination of the Provisional Grant Amount in accordance with paragraph 10 below.
- (b) Applications and all correspondence shall be submitted electronically, to the Scheme Operator's email, afhdivgrant@emovis.ie.
- (c) Applications will be considered on a "first received" basis, subject to an application being satisfactorily completed
- (d) Upon consideration of the information provided in the Grant Application Form (the *Application*), a letter will be issued to the Applicant (the *Grant Letter*) containing an amount provisionally proposed to be made by way of a grant (the *Provisional Grant Amount*) determined in accordance with paragraph 10 below as well as setting out the conditions to be satisfied by the Applicant in the event that they accept the Grant Letter. An Applicant will have twenty-one (21) days to accept the Grant Letter.
- (e) If the Applicant accepts the Grant Letter in accordance with its terms, the Applicant can then purchase the Vehicle and supply further information required under the terms of the Grant Letter to the Scheme Operator. The Applicant will have nine (9) months to satisfy its obligations in this regard.

- (f) Upon verification of the information provided in accordance with the Grant Letter and confirmation of the SME status of the Applicant at the time of the issuance of the Grant amount, the amount of the Grant will be determined, which will be made at TII's absolute discretion and in accordance with the Grant Letter.
- (g) This amount will be notified to the Grantee who will then furnish the Scheme Operator with its bank details to facilitate payment of the Grant at TII's discretion, but no later than two (2) months following the TII's receipt of the Applicant's bank details.

9. Scheme Terms and Conditions

The terms and conditions of a sample Grant Letter between an Applicant and TII can be accessed on TII's website.

10. Grant amount

10.1 Maximum amount

- (a) The maximum amount of the Grant is the difference between €500,000 and the aggregate amount otherwise received by way of grant under the Scheme (or any replacement or amended Scheme) by the Applicant (together with all Affiliates).
- (b) With regards to GBER, which sets out the maximum aid amount that can be allocated from state funds for the purchase of transport vehicles under EU state aid rules, the Provisional Grant Amount in respect of an AFHDV varies by reference to:
 - (i) the size of the undertaking applying for the grant, i.e. whether the undertaking can be categorised as 'small', 'medium' or 'large', as set out in paragraph 10.2 below; and
 - (ii) the price differential for each vehicle, as set out in paragraph 10.3(b) below.

10.2 Size of undertakings

- (a) Undertakings are categorised (according to the provisions of GBER Annex I, Articles 1 to 6) as 'small', 'medium' or 'large' on the basis of:
 - (i) staff head-count; and
 - (ii) financial thresholds (i.e. turnover and/or balance sheet totals).
- (b) Therefore, for the purposes of the Scheme:
 - (i) a 'small enterprise' is an undertaking with fewer than 50 staff members and with a turnover equal to or under €10 million and/or a balance sheet of equal to or under €10 million;
 - (ii) a 'medium enterprise' is an undertaking with fewer than 250 staff members and with a turnover equal to or under €50 million and/or a balance sheet of equal to or under €43 million;
 - (iii) a 'large enterprise' is an undertaking with more than 250 staff members, and with a turnover in excess of €50 million and/or or a balance sheet in excess of €43 million.

- (c) In order to avail of the Grant, undertakings will be required to supply documentary evidence of their staff head counts and turnover so that their relative size and the grant levels to which they are eligible can be calculated.
- (d) In the case of an autonomous enterprise, as defined under Annex 1, Article 3 of GBER, the data, including the number of staff, are determined exclusively on the basis of the most recent accounts of that enterprise.
- (e) The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked fulltime within the enterprise in question or on its behalf during the entire reference year under consideration.
- (f) The amount selected for the turnover is calculated excluding value added tax (VAT) and other indirect taxes.
- (g) In the case of newly-established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a *bona fide* estimate made in the course of the financial year.
- (h) For additional information on the definition of ‘small’, ‘medium’ and ‘large’ enterprises and on the type of data required to demonstrate the relative size of an undertaking, Applicants are advised to consult Annex I, Articles 1 to 6 of GBER and the European Union Commission’s *User Guide to the SME Definition*.
- (i) In the case of enterprises having partner enterprises or linked enterprises (as defined under Annex I, Article 3 of GBER), specific rules apply regarding the data to be used, and aggregated, for determining the relative size of the enterprise. Applicants are advised to consult Annex I, Articles 1 to 6 of GBER and the latest version of the European Commission’s *User Guide to the SME Definition*.

10.3 Price differential for each vehicle

- (a) The Provisional Grant Amount for each category of undertaking is set as a percentage of the price differential for each vehicle, but subject to the amount not exceeding, in aggregate, €500,000 for each undertaking (together with Affiliates) as set out in the table below.

Size of undertaking	Staff head count Turnover/balance sheet total	Maximum amount total per undertaking	Maximum available amount per AFHDV
Small	<50 staff <€10m/ <€10m	Up to €500,000	60% of price differential
Medium	<250 staff <€50m/ <€43m	Up to €500,000	50% of price differential
Large	>250 staff	Up to €500,000	40% of price differential

Size of undertaking	Staff head count Turnover/balance sheet total	Maximum amount undertaking	total per	Maximum available amount per AFHDV
	>€15m/ >€43m			

- (b) Specimen tables illustrating how price differential for the purposes of paragraph 10.3(a) can be calculated can be accessed on TII's website.
- (c) In order to avail of the Grant, Applicants will be required to supply evidence of the purchase price of the AFHDV for which the Grant is being sought.

10.4 The amount of the Grant may not be the same as the Provisional Grant Amount by reference to:

- (a) verification of the Applicant's SME Status; and
- (b) the price differential for the Vehicle,

and otherwise in accordance with the Grant Letter.

11. Right to amend/modify Scheme Rules

11.1 TII may in its absolute discretion:

- (a) amend the Scheme (including these Scheme Rules) from time to time; or
- (b) terminate the Scheme,

upon seven (7) days' notice, by publishing a notice to such effect on TII's website.

11.2 Upon a termination of the Scheme in accordance with paragraph 11.1, no further applications may be made or will be considered.