



DNSH CZ - Pilot implementation of the national DNSH guidelines (DLV 7)

*MPO - RRP: Construction,
reconstruction and modernisation
of distribution networks - call I*

This document was prepared by Trinomics and ISFC as a pilot of the National Guidelines on the Application of the DNSH Principle in Czechia within the TSI project (REFORM/SC2022/112). The pilot is part of Deliverable 7 and was prepared during April 2024. It provides recommendations based on the Guidelines, which are not binding per se, but reflect binding provisions, and background/discussions with the relevant component owner. The piloting was developed based on information and resources provided by the component owner or publicly available on websites, including but not limited to the national Recovery and Resilience Plan (NRP) or the component owner.

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1 Introduction

Context and objective of the pilot

The pilot is intended to support the Czech authorities in implementing national guidelines for evaluating activities/interventions in terms of the DNSH principle across different EU funds and programmes (RRF and Cohesion Policy funds). It is being developed under Deliverable 7 of the TSI project "Methodology for the application of the DNSH principle at the national level in Czechia" (REFORM/SC2022/112).

The aim of the piloting is to support the testing of the Guidelines, inter alia in calls for proposals for funding under components that may have extensive DNSH requirements, to provide practical advice/consultation on specific activities selected as pilots, with activities/interventions identified in close cooperation with the Czech authorities.

Pilot/call specifications

EU fund(s):	RRF - Recovery and Resilience Facility
NPO component:	7.1 Renewable Energy Infrastructure and Electricity System (REPowerEU)
Investment:	1 Construction, reconstruction and modernisation of distribution networks
Comp. owner:	MIT - Ministry of Industry and Trade of the Czech Republic
Call:	Construction, reconstruction and modernisation of distribution networks - Call I
Call objective:	To create additional capacity for the connection of renewable energy sources to the distribution grid by removing their bottlenecks in the Czech Republic
Call status:	Call launched - YES, Applications evaluated - NO, Applications selected - NO, Decisions issued - NO
Eligible applicants:	Holders of electricity distribution licences issued by the ERO in accordance with Section 5 of Act No. 458/2000 Coll., on the conditions of business and the exercise of state administration in the energy sectors (Energy Act), in the distribution area where the project will be implemented

2 Methodology

Pilot processing procedure

The pilot is prepared in MS Excel in the attached separate file. The first sheet is a structured application of the new Guidelines to the above selected call. The first few rows provide the relevant details of the piloted call, including the definition of the supported activities.

Subsequently (from rows 9/10), the individual steps or sub-steps of the DNSH application Guidelines described in Chapter 3 for the Recovery and Resilience Facility are applied in each column from left to right. Within each step, the individual rows then first briefly describe the process being followed (11) and the key recommendations of the Guidelines associated with that sub-step (12). This is followed by the application of these recommendations of the Guidelines to that particular call with a summary of the conclusions (13) and a description of how the component owner has proceeded in the case of that challenge (14). On the basis of the comparison of the procedures, it is summarised whether the component owner's procedure is assessed as sufficient and, if necessary, recommendations for adjustments to the procedure are proposed (15). The evaluation is complemented by a note on whether any information/inputs are still missing to finalise the evaluation (16) and what main documents and resources were used in the development of the pilot or its sub-steps (17).

On the second sheet, the DNSH EU taxonomy criteria for relevant (supported) activities are listed for clarity, in this case electricity transmission and distribution.

The Guidelines annexes relevant to the Recovery and Resilience Facility are also applied in the development of the pilot. Annex F provides a template for collecting and storing relevant information and findings from each (sub) step. As the call aims to support activities that may have an infrastructure component, Annex B describing the application of climate proofing (CP) of infrastructure under the Recovery and Resilience Facility is also relevant.

3 Conclusions / recommendations

Recommendations and aspects to consider

- Based on the application of the new Guidelines, no significant aspects were identified in the (partial) steps implemented so far that would indicate an insufficient application of the DNSH principle. However, the following recommendations are made which may help the component owner in the follow-up of this call or in the preparation of further/other similar calls for the application of the DNSH principle.
- It is recommended to request in the call the results of the EIA, if it has been carried out, or information on whether the EIA must be carried out according to the applicable legislation (in such cases, any conditions from the EIA would cover, inter alia, the DNSH criteria for the environmental objective of biodiversity protection).
- As the call is focused on projects that may contain elements of (new) infrastructure and although neither EIA nor CP is a condition resulting from the ex-ante DNSH assessment and CP is not mandatory, it is strongly recommended to carry out CP for infrastructure projects that require EIA.
- Alternatively, and for better compliance with the Guidelines, it could be recommended that the call (of this type) be divided into two parts: the first would focus on projects subject to EIA and the second on those not subject to EIA (e.g. replacement of transformers). The first call would explicitly list the eligible activities covered by the EIA Act and the second would list all other eligible activities. In this way, conditions related to a possible EIA would not have to be assessed and added in the next step (issuing a decision), the conditions of the call would apply to all projects.
- In the area of circular economy, it is recommended to include in the DNSH criteria an explicit condition that in the case of construction works (if part of the project) at least 70% of construction and demolition waste is ready for reuse or recycling - a general/cross-cutting DNSH criterion.
- No projects have been selected so far, however, it is recommended to assess the inclusion of monitoring measures related to climate-change adaptation objectives (depending on the information from the assessments of the environmentally sustainable investment submitted by the PP) and circular economy, typically e.g. submission of a certificate / document from a recycling centre proving a recycling rate during the project implementation of at least 70% if the construction works are part of the project, or monitoring measures that may result from the EIA/CP results.
- It is recommended that, where appropriate, the DNSH Guidelines for the PPs be included in the call documentation to improve the PPs' understanding of the DNSH concept and context and the related information needed (without Annexes I to III and the introductory "Notice to Managing Authorities").
- The template in Annex F of the Guidelines can be used as an aid to the CO in implementing the individual steps of the Guidelines to facilitate the implementation of the individual steps, including the collection and storage of all relevant information and findings obtained during the individual steps.