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# Programme for connecting to network of entrepreneurs

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Adoption	Publication	Entry into force
04.01.2019	<a href="#">RT I, 11.01.2019, 1</a>	20.01.2019

The Regulation is enforced [on the basis of subsection 53<sup>1</sup>](#) (1) of the State Budget Act.

## Chapter 1 General Provisions

### § 1. Programme objective and expected result

(1) The objective of the programme is to alleviate the bottleneck of joining the networks for entrepreneurs.

(2) The expected result of the programme is an increase in the added value of the supported enterprise per employee or an increase in sales.

[\[RT I, 11.01.2019, 1](#)– entry into force 20.01.2019]

(3) The implementation of the programme contributes to the sub-objective of the Estonian Entrepreneurship Growth Strategy 2014–2020 that was approved with Order No. 460 of the Government of the Republic of 31 October 2013 – Estonian companies manufacture efficiently high added value products and provide innovative services.

(4) The programme output indicators are the following by different network connection types:

- 1) the number of applications submitted;
- 2) the number of projects supported;
- 3) the number of projects completed.

(5) Performance indicators:

Indicator	Target level
An increase in the added value of the enterprise per employee two years after the end of the project compared to the year preceding the submission of the application	>10%
An entrepreneur, who has no previous activities or its annual sales revenue has been less than 40,000 euros during the year preceding the application, has a sales revenue that is	≥ five times the amount of the grant two years after the end of the project

[\[RT I, 11.01.2019, 1](#)– entry into force 20.01.2019]

### § 2. Definitions

(1) “Network” means electricity, water and sewerage, gas, district heating, cooling or communication networks for the purposes of this Regulation.

[\[RT I, 11.01.2019, 1](#)– entry into force 20.01.2019]

(2) “Connecting to the network” means connecting a new installation to the network at the connection point or

amending the connection conditions.

- (3) “Network operator” means an entrepreneur providing network services through a network.
- (4) “Network contract” means a contract between an entrepreneur and a network operator for the provision of network services.
- (5) “Unit” means an autonomous part of an entrepreneur operating in several different registered immovables or in different fields of activity, the economic indicators of which can be distinguished from the indicators of an entrepreneur as a whole.
- (6) “Added value per employee” means depreciation of the financial year, combined with operating profit and labour costs, divided by the number of full-time employees in the accounting year.

(7) “Project” means an activity or set of activities for the implementation of which grant is requested.

### **§ 3. Target region and target group of the programme**

(1) The target area of the programme is Estonia, with the exception of the City of Tallinn with the neighbouring municipalities and the City of Tartu.

(2) At the moment of submission of the application, the target group of the programme includes entrepreneurs entered in the commercial register who apply for a grant for an investment in the field of division B (mining and quarrying), C (manufacturing, except for the manufacturing of tobacco products) or D (electricity, gas, steam and air conditioning supply) of the Estonian Classification of Economic Activities EMTAK 2008.

[RT I, 11.01.2019, 1– entry into force 20.01.2019]

3) [Repealed – RT I, 11.01.2019, 1– entry into force 20.01.2019]

4) [Repealed – RT I, 11.01.2019, 1– entry into force 20.01.2019]

(5) The Regulation does not apply to government invested enterprises.

### **§ 4. Implementation of programme**

(1) The programme shall be carried out by the Ministry of Economic Affairs and Communications (hereinafter *ministry*).

(2) Applications for grant of the programme shall be processed, payments shall be made and monitoring shall be carried out by Enterprise Estonia.

### **§ 5. Project implementation period**

The maximum duration of the project is 24 months. The eligibility period for the project starts from the date of submission of the application or the date established in the application and in the decision to approve the application, which may not be later than six months of the submission of the application.

## **Chapter 2 Basis for awarding grant**

### **§ 6. Amount of grant and self-financing rate**

(1) The maximum amount of grant per project is 100,000 euros.

(2) The minimum amount of grant per project is 5,000 euros.

(3) The applicant’s self-financing shall amount to at least 40 percent of the project’s eligible costs and the grant rate is up to 60 percent of eligible costs.

(4) Self-financing only includes eligible costs incurred by the project promoter.

### **§ 7. De minimis aid**

(1) The grant to be provided as part of the programme is de minimis aid, the awarding of which is based on European Commission Regulation (EU) No. 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p. 1–8) (hereinafter *Regulation (EU) No. 1407/2013*) and section 33 of the Competition Act. The de minimis aid granted to the applicant for three consecutive financial years, with this grant, shall not exceed 200,000 euros per entrepreneur. An enterprise shall be the one provided in Article 2 (2) of Regulation (EU) No. 1407/2013. The cumulation of aid shall take into account the provisions of Article 5 of Regulation (EU) No. 1407/2013.

(2) If the amount of grant applied for exceeds the amount that the applicant is justified to receive as de

minimis aid, the amount of grant shall be reduced to the upper limit of de minimis aid on the basis of the consent of the applicant. If the applicant

does not agree with the reduction, Enterprise Estonia shall make a decision rejecting the application, which shall be communicated to the applicant.

(3) Enterprise Estonia shall inform the applicant of the granting of de minimis aid in the decision to approve the application.

## **§ 8. Supported activities and eligible costs**

(1) The activities supported by the programme are the design and construction of an existing or planned network connection and the improvement of the quality of the electricity connection if it is needed for entrepreneurial activities. [RT I, 11.01.2019, 1– entry into force 20.01.2019]

(2) The design and construction of an entrepreneur’s network connection by a non-network operator is only supported if the builder’s price offer is lower than the construction price offered by the network operator.

(3) In order to ensure comparability, the applicant shall request for two comparable price offers in addition to the offer of the network operator in case of construction work to be carried out by a non-network operator.

[RT I, 11.01.2019, 1– entry into force 20.01.2019]

(31) Subsections (2) and (3) shall not apply to the establishment of a direct electricity line. [RT I, 11.01.2019, 1– entry into force 20.01.2019]

(32) Equipment to improve the quality of the electrical connection shall be purchased and installed at minimum cost. To this end, the applicant shall take comparative price offers from at least two tenderers. [RT I, 11.01.2019, 1– entry into force 20.01.2019]

(4) Eligible costs are the following costs required for the achievement of the objective and results provided in subsections 1 (1) and (5) of this Regulation, respectively, and for the implementation of the activities provided in subsection (1) of this section in accordance with the amount of grant and self-financing rate as provided in section 6 of this Regulation:

- 1) connection fee – charge of the network operator for network connection;
- 2) fee for change of conditions – charge of the network operator for changing the consumption or production conditions;
- 3) the costs of designing and constructing the network connection, provided that no valid construction or design contract has been concluded by the time of submission of the grant application, the means of performance of which are requested under this Regulation;
- 4) the costs of purchasing and installing equipment to improve the quality of the electrical connection. [RT I, 11.01.2019, 1– entry into force 20.01.2019]

(5) Eligible costs are the costs incurred during the project’s eligibility period and 45 days after the end of the eligibility period.

(6) The conclusion of a network contract, service provision or sales contract with a service or product provider shall remain within the eligibility period of the project. If the consumption of the service is continued within the framework of a contract concluded before the eligibility period, it shall be separately substantiated in the application.

[RT I, 11.01.2019, 1– entry into force 20.01.2019]

(7) The same entrepreneur may apply for a grant for connecting several different networks if the total amount of grant does not exceed the maximum amount established in subsection 6 (1) of this Regulation and the construction takes place during the eligibility period.

(8) Eligible activities shall be carried out during the project’s eligibility period.

(9) Value added tax is not eligible.

## **Chapter 3**

### **Applying for grant and processing of applications**

#### **§ 9. Requirements set for applicants and applications**

(1) The applicant shall be an enterprise entered in the commercial register by the due date for submission of the application.

(2) The applicant shall be the owner of the registered immovable where the installation for connecting to the network is located and for which the grant is applied for at the time of submission of the grant application, or the application shall have a fixed-term rental or lease contract for the use of the registered immovable for a period of at least five years of the end of the project’s eligibility period, or have the right

of superficies or usufruct on the registered immovable for at least five years of the end of the project's eligibility period.

(3) With its economic activities, the applicant shall achieve an increase of added value of more than ten percent per employee with regard to the desired result in the programme two years after the end of the project, or an increase in sales revenue that equals to at least five times the amount of the grant over the same period of time if it is an entrepreneur who does not have previous activities or if the entrepreneur's sales revenue is less than 40,000 euros per year in the year preceding the application process.

[RT I, 11.01.2019, 1 – entry into force 20.01.2019]

(4) The applicant's tax arrears or payment in arrears inclusive of interests may not exceed 100 euros or shall be deferred. Upon deferral of tax arrears, the taxes must be paid according to the schedule.

(5) If the applicant has previously received a grant that has been subject to repayment, the due date of which has arrived shall be made in the requested amount.

(6) No liquidation, compulsory dissolution or bankruptcy proceedings have been initiated against the applicant or the person controlling the applicant, no bankruptcy decisions have been made with regard to this person and the applicant's equity shall comply with the requirements established in the Commercial Code;

(7) The application includes the applicant's confirmation of the availability of self-financing, the application form, which is published on the website of Enterprise Estonia, and the connection form.

[RT I, 11.01.2019, 1 – entry into force 20.01.2019]

(8) The application shall be accompanied by a network operator's offer to join or two comparable price offers in accordance with subsection 8

(3) or (3<sup>2</sup>). The requirement to include a network operator's price offer and two comparative price offers does not extend to the establishment of a direct electricity line where the provider is an electricity producer.

[RT I, 11.01.2019, 1 – entry into force 20.01.2019]

(9) The application shall contain the following information to the extent that it is possible to assess the eligibility of the applicant and the project and the feasibility of the project in accordance with subsection 11 (7) of this Regulation:

1) the name and registry code of the applicant;

2) the project title, objectives and results;

3) the start and end due date of carrying out the project;

4) the information on the compliance of the applicant with the requirements provided in subsections (1)–(5) of this section;

5) the budget of the project according to the network operator's offer to join or the price offer of the construction enterprise;

6) the applicant's confirmation about the availability of self-financing in accordance with the limits and conditions established in subsection 6 (3) of this Regulation;

7) the number of positions in the unit to be connected to the network related to the entrepreneur or project;

8) to increase the added value of the development plan of the entrepreneur or a unit connecting to the network per employee and grow sales revenue and achieve exports when it is planned to achieve and grow exports;

[RT I, 11.01.2019, 1 – entry into force 20.01.2019]

9) the justification of necessity of grant and highlighting of the incentive effect with a description and schedule of activities;

10) if the applicant is not the owner of the registered immovable, then a contract of rental, right of superficies or usufruct concluded with the owner of the registered immovable;

11) if the price offer is from a non-network operator, the relevant certificate of competence.

## **§ 10. Submission of applications**

(1) Applications are submitted on an ongoing basis. The start of accepting the applications shall be announced by Enterprise Estonia on its website and at least one national media publication.

(2) Enterprise Estonia shall terminate the receipt of applications if the budget balance of the programme becomes equal to the volume of pending applications for which no decision on approval or refusal has yet been made. Enterprise Estonia shall coordinate the termination of the acceptance of the applications with the ministry in advance and it shall communicate this on its website and via a press release.

(3) The application shall be submitted through the e-service of Enterprise Estonia with the digital signature of the person entitled to represent the applicant.

(4) Enterprise Estonia shall provide the applicant with an option to receive previous consultation on the applicant's project before submitting the application, drawing attention to the possible technical and substantive shortcomings of the proposed application and making recommendations and proposals for eliminating such shortcomings.

## **§ 11. Processing and evaluation of applications**

(1) After registration of the application, Enterprise Estonia shall carry out the compliance verification of the

application within three business days. If the application does not meet the established requirements or additional information about the project is required, Enterprise Estonia shall have the right to request that the application be brought into line with the established requirements, the submission of additional documentation or making amendments in the data of the application within up to ten business days of the submission of the corresponding claim. The term for processing the application is extended by the time given to eliminate the deficiencies.

(2) The term for processing an application shall be up to 30 business days from the submission date. The applications are processed in the order of their submission.

(3) In case of an application that does not meet the requirements and that is not altered to meet the requirements within the term set out in subsection 1 of this section or that is submitted after the publication of the notification provided in subsection 10 (2) of this Regulation, Enterprise Estonia shall make a decision to refuse the application and notify the applicant of said decision.

(4) Enterprise Estonia shall disclose documents concerning the application process on its website by the time of announcing the start of accepting applications, at the latest.

(5) Eligible applications shall be evaluated by Enterprise Estonia, which may set up an evaluation committee for the evaluation of applications, the composition of which shall be approved in advance by the ministry and published on the website of the Enterprise Estonia.

[RT I, 11.01.2019, 1– entry into force 20.01.2019]

6) [Repealed – RT I, 11.01.2019, 1– entry into force 20.01.2019]

(7) Eligible applications shall be evaluated by the following evaluation criteria:

[RT I, 11.01.2019, 1– entry into force 20.01.2019]

1) the evaluation criterion 1 with a proportion of 50 percent in a maximum total score – the impact of the project on the achievement of programme performance indicators;

2) the evaluation criterion 2 with a proportion of 20 percent in a maximum total score – the incentive effect of the project on the economic performance of the enterprise;

3) the evaluation criterion 3 with a proportion of 10 percent in a maximum total score – the importance of a bottleneck related to the network connection in the planned development activities of an entrepreneur;

4) the evaluation criterion 4 with a proportion of 20 percent in a maximum total score – the feasibility and sustainability of the development plan of the entrepreneur or unit connecting to the network;

5) the evaluation criterion 5 – during the evaluation of the application, additional priority points shall be given to a project that will result in or increase export capacity.

(8) The evaluation criteria 1–4 are rated on a scale of 0–4, the highest being 4 and lowest 0.

(9) In case of the evaluation criterion 5, the total score of the application shall be accompanied by 5 percent in case of the achievement of exports or 10 percent in case of the increase of exports.

(10) The evaluation of the application shall be considered positive if the weighted average total score given during the evaluation is at least 2.75.

(11) The evaluation of the application shall be considered negative and the application shall not be subject to approval if the weighted average total score given during the evaluation process is less than 2.75 or the evaluation criterion 1 is rated with 1 or at least one criterion from 2–4 is rated with 0.

## **§ 12. Approval of an application, partial approval, approval with ancillary conditions and refusal to approve**

(1) After the evaluation process, Enterprise Estonia shall make a decision to approve the project, partially approve the project, approve the project with ancillary conditions or refuse the project within 30 business days. [RT I, 11.01.2019, 1– entry into force. 20.01.2019]

(2) The decision to approve shall be made on the basis of the criteria provided in subsection 11 (7) of this Regulation in case a project that has passed the threshold if the amount of its financing does not exceed the budget of the programme.

[RT I, 11.01.2019, 1– entry into force 20.01.2019]

(3) The decision to partially approve shall be made on the basis of the evaluation criteria provided in subsection 11 (7) of this Regulation in case of a project that has passed the threshold if the full approval of the application is not possible due to the volume of the grant provided for the financing of the application or if it is not justified, taking into account the amount of grant requested, project activities and the related results to be achieved. In case of a decision to partially approve, the consent of the applicant is required, in the absence of which Enterprise Estonia shall make a decision to refuse the application. [RT I, 11.01.2019, 1– entry into force 20.01.2019]

(4) A decision to approve with ancillary conditions shall be made on the basis of the evaluation criteria provided in subsection 11 (7) of this Regulation in case of a project that has passed the threshold if the applicant is required to involve funds outside the entrepreneur in order to implement the development plan of the entrepreneur or a unit connecting to the network, but with regard to such financing, there is no final decision or valid rental contract or other valid reason at the moment of evaluating the applications.



[RT I, 11.01.2019, 1 – entry into force 20.01.2019]

(5) The decision to refuse shall be made in case of projects that do not pass the threshold on the basis of the evaluation criteria provided in subsection 11 (7) of this Regulation or the financial volume of which exceeds the available balance of the budget of the measure for financing the applications.

[RT I, 11.01.2019, 1 – entry into force 20.01.2019]

(6) The funds released from the projects to be implemented can be used to finance subsequent applications.

(7) The decision to approve the application, partially approve the application or approve the application with ancillary conditions shall establish that, in justified cases, the decision to approve the application may be amended if the circumstances which may affect the decision become evident.

8) [Repealed – RT I, 11.01.2019, 1 – entry into force 20.01.2019]

(9) The grounds for challenging the decision and the term thereof shall be indicated in the decision to approve, partially approve, approve with ancillary conditions and refuse to approve.

(10) Applicants shall be given the opportunity to submit their views before:

- 1) partial approval of the application or its approval with ancillary conditions
- 2) refusal to approve the application, unless the decision is based on the data submitted in the application and the information and explanations provided to eliminate the deficiencies.

## **Chapter 4**

### **Submission of reports, disbursement of grant, rights and obligations of the project promoter and Enterprise Estonia**

#### **§ 13. Submission of reports related to use of the grant**

(1) The project promoter shall provide the Enterprise Estonia with the interim and final reports on the due dates established in the decision to approve the application. The reporting period is a maximum of 24 months. The project promoter shall submit the final report of the project no later than within 45 days of the end of the project's eligibility period. The project promoter shall submit the follow-up report on the project 24 months after the end of the project.

(2) The evaluation methodology is established by Enterprise Estonia in agreement with the ministry and publishes it on its website.

(3) The project promoter shall submit the project reports via the e-service of Enterprise Estonia with the digital signature of the person entitled to represent the project promoter.

(4) Enterprise Estonia shall process interim and final reports no later than within 20 working days of their registration. If deficiencies are detected during the verification of the report, the project promoter shall be immediately notified and a term for eliminating the deficiencies shall be specified. A term of up to 10 business days shall be provided for the elimination of deficiencies, while the term for processing the report is extended by the given time.

#### **§ 14. Payment of grant**

(1) The grant shall be paid to the project promoter in accordance with the terms and conditions set out in the decision to approve the application. If the grant is paid in phases, the approval of interim report shall precede the approval of payment. The amount of the final payment to be paid out after the approval of the final report shall be at least 20% of the total amount of the grant.

(2) The submission of the payment applications shall take place through the e-service of Enterprise Estonia. The payment application shall be submitted with the interim or final report.

(3) Enterprise Estonia shall process the payment application up to 20 business days. If deficiencies are detected in the processing of the payment application, the project promoter shall be immediately notified thereof and a deadline of 10 business days shall be set for the elimination of the deficiencies, and the time limit for processing the payment application shall be extended by the given time.

(4) A project that has been subject to a decision to approve with ancillary conditions shall receive payment after the conditions established in the decision have been met.

(5) The prerequisites for paying grant on the basis of actual costs is:

- 1) the incurrence and payment of eligible costs;
- 2) the submission of documents or copies of documents verifying the occurrence of costs arising from the project activities and of the documents or copies of documents verifying the payment of costs provided in clause 1) of this section to Enterprise Estonia;
- 3) The submission of the interim or final report of the corresponding reporting period with the payment application to Enterprise Estonia and the approval thereof by Enterprise Estonia.

(6) All costs incurred in the project shall be paid from the bank account belonging to the project promoter.

#### **§ 15. Obligations of the project promoter**

The project promoter is obligated:

- 1) to ensure the self-financing provided for in the decision to approve the application;
- 2) to use the grant in accordance with the decision to approve the application;
- 3) to repay the grant if Enterprise Estonia requires the recovery of the grant from the project promoter either in part or in full;
- 4) to submit information and reports required by Enterprise Estonia according to the requested form, manner and due date;
- 5) to keep separate accounts for the use of the grant and self-financing, as well as clearly distinguish between the costs of the project to be supported and the expense receipts and payment documents thereof and other costs and expenses receipts and payment documents;
- 6) to apply consent from Enterprise Estonia about the amendment of the project duration, activities or objectives contained in the application by submitting the corresponding application for amendment during the eligibility period of the project;
- 7) to cover all costs arising from the increase of the project costs compared to the amount indicated in the decision to approve the application;
- 8) to allow Enterprise Estonia to carry out on-site inspections and audits, as well as monitoring of the expense receipts and payment documents reflecting the use of grant and self-financing, and allow the inspector to access all premises and territories the project promoter possesses, rents or uses in any other way;
- 9) to make available to the inspector all the requested data and documents within five business days as of the receipt of such notification;
- 10) to provide full assistance to quickly carry out the inspection, audit and monitoring;
- 11) to indicate in the manner provided by Enterprise Estonia that this is a grant when using the grant;
- 12) to preserve the documentation and materials related to the application, grant and project implementation in accordance with section 12 of the Accounting Act for seven years;
- 13) to ensure the use of the registered immovable covered by the project in the application and according to the objectives and conditions provided in the decision to approve the application within five years of the end of the project, and not to make any transactions with regard to this property, which give undue advantage to any person or authority within the said period;
- 14) to coordinate with Enterprise Estonia the conditions of transfer in case of transfer of the rights of the registered immovable covered by the project and further responsibility for the indented use of the property;
- 15) to immediately inform the Enterprise Estonia in writing of any changes in the submitted data or of circumstances that affect or may affect the fulfilment of the obligations of the project promoter;
- 16) to immediately inform in writing about the fact that jeopardises the achievement of the project result and the expediency of continuing the project arising during the performance of the project.

#### **§ 16. Rights of project promoter**

The project promoter has the right to receive information and advice from Enterprise Estonia relating to the application of the grant and related procedures on the basis of this Regulation.

#### **§ 17. Obligations of Enterprise Estonia**

Enterprise Estonia is obligated:

- 1) to advise applicants on issues related to the project;
- 2) to make application and reporting forms and relevant guidance material available on its website;
- 3) to immediately notify the project promoters about any amendments made to the documents governing the use of grant;
- 4) to review the application specified in clause 15 6) of this Regulation;
- 5) to immediately notify the project promoter of the decision on the reports provided in clause 15 4) of this Regulation and the procedure provided in subsection 14 (3) of this Regulation;
- 6) not to disclose information about the applicants and applications obtained in the course of the procedure, except for the information specified in clause 17 8) of this Regulation, or documents, except in cases provided by legislation;
- 7) to retain the documents related to the awarding of grant for ten years of the date of the last individual aid award decision;
- 8) to disclose the name of the project promoter, the name of the project and the total volume of the grant and the project on its website after the decision to approve.

#### **§ 18. Rights of Enterprise Estonia**

Enterprise Estonia has the right:

- 1) to carry on-site inspections and audits with regard to the expense receipts and payment documents reflecting the use of the grant and self-financing;
- 2) to require the submission of any additional data and documents relating to the activities and costs of the project contained in the application;
- 3) to reduce the grant if the self-financing of project promoter falls below the minimum rate;
- 4) to reduce the grant to be paid for the next phase of the project by the amount of the costs not eligible with regard to the use of the grant in the course of the previous phase of the project;
- 5) to partially or fully recover the grant if the project promoter fails to achieve the objectives of the project

or the planned results or the grant has not been used for its intended purpose.

## **Chapter 5**

### **Implementing provision**

#### **§ 19. Implementation**

(1) The activities started under Regulation No. 30 of the Minister of Entrepreneurship and Information Technology of 6 June 2017 “Programme of entrepreneurs for connecting to networks” shall be continued retroactively from 1 January 2018 in accordance with this Regulation.

(2) Applications submitted before 20 January 2019 shall be subject to the provisions of this Regulation that were in force at the time of submission of the application.

[RT I, 11.01.2019, 1– entry into force 20.01.2019]