

Order on subsidies for individual heat pumps for the scrapping of oil, wood pellet or gas boilers (scrapping scheme)¹⁾

Pursuant to § 2a, § 7(2) and (3), § 9(4), § 19, § 21(2) to (4) and § 22(2) of the Act on the promotion of efficient energy use and greenhouse gas reduction, cf. Consolidation Act No 1036 of 12 September 2024, provides:

Chapter 1

Scope and Definitions

§ 1. The Danish Energy Agency may, upon application, give subsidy commitments to companies implementing projects at the heating customers' premises on energy savings and energy efficiency improvements, cf. paragraph 2. Subsidy commitments are awarded to pre-qualified energy service providers, cf. Chapters 3 and 4, for a project in which a heat pump is installed at the premises of one or more heating customers for heat in exchange for the scrapping of their oil, wood pellet or gas boiler outside areas which have been designated for district heating.

(2) The Danish Energy Agency can in accordance with paragraph 1 grant a subsidy to partially cover the costs of the energy service provider for purchase of a heat pump delivering heat for individual heating in buildings which is installed for a heating customer whose oil, wood pellet or gas boiler is scrapped and replaced by a heat pump. The energy service supplier shall purchase the heat pump to use in a subscription arrangement, under which the energy service supplier takes ownership and offers installation, operation and maintenance of the heat pump as well as supply of the heat to the heating customer, charging by ongoing invoicing.

§ 2. Subsidies for purchases of heat pumps under this scheme constitute State aid in accordance with Article 107(1) of the Treaty on the Functioning of the European Union. The aid scheme has been notified to the Commission in accordance with 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 (the General Block Exemption Regulation), OJ 2014, L 187, p. 1, and is administered accordingly.

§ 3. The following definitions apply to this Order:

- 1) Start of works: As defined in Article 2, No. 23, of the General Block Exemption Regulation.
- 2) Buildings: Buildings in areas outside areas which already have or have been designated for district heating, where the main use is registered in accordance with the Order on updating the Building and Housing Register (BBR) as an all-year residence or summer cottages or holiday homes which are legally used as an all-year residence, all-year houses for professional services, etc.
- 3) Operation: Purchasing of energy to run a heat pump and the supply of heat to a building, statutory inspections, service, maintenance and regular optimisation of a heat pump in order to ensure optimum efficiency.

- 4) Energy service provider: A company that is pre-qualified under Chapters 3 and 4.
- 5) Installation: Heat pump advice, configuration, connection, adjustment and putting into operation.
- 6) In difficulty: As defined in Article 2(18) of the General Block Exemption Regulation.
- 7) Supply of heat: Heat supplied from the heat pump to heat the rooms of the building and supply hot water.
- 8) Heating customer: The owner of a building who is not the energy service provider or a company forming part of a group with the energy service provider, who enters into a contract with the energy service provider for the installation, operation and maintenance of a heat pump, as well as the supply of heat, in exchange for the scrapping of the oil, wood pellet or gas boiler of the heating customer.
- 9) Maintenance: Repair, replacement of spare parts and the like.
- 10) Size of the enterprise: As defined in Article 2(2) and (24) of the General Block Exemption Regulation.

Chapter 2

Costs eligible for aid and level of aid

§ 4. The eligible costs for the replacement of an oil or gas boiler with a heat pump are the additional investment costs necessary to promote the production of energy from renewable sources which are directly related to the implementation of the project. The eligible costs for the conversion from a wood pellet boiler to a heat pump are the energy efficiency related costs that are directly linked to achieving a higher level of energy efficiency and that can be identified in the total investment costs. The eligible costs include the energy service provider's purchasing costs for heat pumps, including metering equipment. Where an oil or gas boiler is replaced by a heat pump, the price of the reference installation shall be deducted from the eligible costs.

(2) In calculating the eligible costs for the conversion of oil boilers, the amount of DKK 3,500 is deducted from the energy service provider's purchasing costs for heat pumps, which is the price for the reference cost for owners of oil boilers. In calculating the eligible costs for the conversion of gas boilers, the amount of DKK 5,000 is deducted from the energy service provider's purchasing costs for heat pumps, which is the price for the reference cost for owners of gas boilers.

(3) The calculation of the eligible costs is initially based on the purchase price of a heat pump. The eligible costs are calculated excluding value added tax (VAT), which is not definitively borne by the beneficiary. In calculating the eligible costs, realised or expected chargebacks, discounts and the like are deducted.

(4) The eligible costs do not include installation of the heat pump.

Section 5. Subsidy commitments may be granted to an energy service provider with up to DKK 25,000 per heat pump, however, a maximum of 45% of the eligible costs for the conversion of oil and gas boilers and a maximum of 30% of the eligible costs for the conversion of wood pellet boilers.

(2) A subsidy can be granted to one heat pump per address.

(3) In order to support a geographical dispersion of the subsidies, the Danish Energy Agency will reserve 75% of the subsidy funds in advance, which can be freely applied for in all five regions. In addition, the Danish Energy Agency will reserve 5% of the subsidy funds in advance for each of the five regions, however, the distribution of the subsidy funds may be made in accordance with Section 12(2).

(4) The applicant may not receive other support for the same eligible costs or support for costs for which a subsidy is provided by the energy saving scheme.

Chapter 3

Application for pre-qualification

§ 6. The Danish Energy Agency carries out a public call for applications for pre-qualification on the home page of the Danish Energy Agency and on www.statenstilskudspuljer.dk. Applicants can apply for pre-qualification on an ongoing basis up to the subsidy period.

(2) The application shall be submitted digitally on an application form prepared by the Danish Energy Agency together with the documents required by Section 7, via the application portal, which is published on the home page of the Danish Energy Agency and on www.statens-tilskudspuljer.dk.

Section 7. Applications for pre-qualification must be accompanied by the following:

1) The standard contract that the energy service provider will use with the heating customer, with information on terms of withdrawal, invoicing, minimum settlement, electricity settlement, electricity provider, information that the conclusion of the contract between the energy service provider and the heating customer is subject to the Danish Energy Agency's subsidy commitments, and the possibility to amend the terms of the contract during the contract period.

2) Last annual accounts.

3) Any agreements with investors.

4) Any discount agreements, volume discount agreements, information on expected chargebacks or the like.

5) Information on reference projects relating to installation of individual heat pumps.

6) The statutes, consortium agreements and other agreements of the company with installers and subcontractors which clearly divide the responsibility between the applicant and the installers or subcontractors.

(2) Before submitting the documents specified in paragraph 1, the energy service provider shall inform the registered persons whose personal information is contained therein that it will be passed to the Danish Energy Agency. The energy service provider's obligation to inform the data subjects also applies to the information and documentation that is disclosed to the Danish Energy Agency pursuant to Section 23(3).

Chapter 4

Decision on pre-qualification

Section 8. On the basis of the applications received, the Danish Energy Agency shall decide whether the conditions for pre-qualification are met, cf. paragraph 2.

(2) It is a condition that the energy service provider, except as provided for in Section 9:

- 1) is organised to deal with the installation, service and administration of the heat pump and the relationship to the heating customer,
- 2) either owns the necessary capital or has entered into an agreement with an investor to be able to install at least 100 heat pumps,
- 3) has experience in the installation and service of household heat pumps,
- 4) can at least offer subscription solutions in one region,
- 5) during installation of heat pumps at the same time installs a main meter for electricity charging.
- 6) shall own the heat pump for at least 10 years, except as provided for in § 22, and shall undertake the purchase, installation, operation, maintenance and delivery of heat, and
- 7) offers a price structure divided into:
 - a) The price of the heating customer's subscription indicated in DKK per year.
 - b) Settlement per kWh of supplied heat.
 - c) The one-time payment by the heating customer at the time of installation.

(3) Decisions under (1) shall be transmitted using the application portal made available on the home page of the Danish Energy Agency.

(4) The Danish Energy Agency publishes the list of pre-qualified energy service providers on the home page of the Danish Energy Agency, as they are approved.

§ 9. The Danish Energy Agency can lay down further requirements in the decision on pre-qualification under Section 8(1), including waiving the conditions stated in Section 8(2)(1-7), if special circumstances justify this.

§ 10. If there are significant changes in the preconditions on which the pre-qualification decision was based such that the energy service provider no longer satisfies the conditions in Chapter 4, the Danish Energy Agency may decide to void the pre-qualification and the energy service provider will be removed from the list of pre-qualified energy service providers, cf. Section 8(4).

Chapter 5

Application for subsidy commitments

§ 11. The Danish Energy Agency may, upon application by a pre-qualified energy service provider, make a decision on a subsidy commitment under this Order. The subsidy amount is calculated on the basis of the expected number of installed heat pumps and the eligible costs, cf. Sections 4 and 5.

(2) Applications for subsidy commitments are prepared by the energy service provider on the basis of a project where installations of a heat pump are carried out at the premises of one or more heating customers in exchange for the scrapping of their oil, wood pellet or gas boilers outside areas designated for district heating.

(3) Applications for subsidy commitments shall be submitted digitally on an application form prepared by the Danish Energy Agency via the application portal, which is published on the home page of the Danish Energy Agency and on www.statens-tilskudspuljer.dk.

(4) The Danish Energy Agency must receive the energy service provider's application for commitment, cf. paragraph 3, and accompanying contracts that have been signed with one or more heating customers, subject to the Danish Energy Agency's subsidy commitment, before 1 December of the calendar year for which subsidies are sought. In 2022, the application for commitment, cf. paragraph 3, and accompanying contracts that have been signed with one or more heating customers, subject to the Danish Energy Agency's subsidy commitment, must be received by 13 December 2022.

(5) Subsidies can be granted within the framework for awards set aside in the Finance Act.

§ 12. The prioritisation of applications by the Danish Energy Agency is made on a first-come-first-served basis and they are processed in the order that they are received, after which the Danish Energy Agency will announce subsidy commitments within the resources available for each of the years in the subsidy period as well as rejecting the remaining applications, cf. Section 11(5).

(2) If one or more regions do not utilise the subsidy funds to which they have first priority, cf. Section 5(4), and the 75% of the subsidy funds have been exhausted, cf. Section 5(4), energy service providers with projects in the other regions may apply for subsidy commitments and for receiving a portion of the non-utilised, reserved subsidy funds before 1 November of the year in which the subsidy funds are to be granted. The Danish Energy Agency will notify the energy service providers of the above and will call for applications for subsidy commitments. The Danish Energy Agency will prioritise and process the submitted applications on a first-come-first-served basis and subsequently announce subsidy commitments for the available funds, as well as the rejection of the remaining applications, cf. Section 11(5).

Section 13. The applicant shall declare that the information submitted with the application is correct.

Chapter 6

Decisions on subsidy commitments

§ 14. The Danish Energy Agency assesses the applications received and decides whether the conditions are satisfied for receiving commitments, cf. Sections 6-13 and Section 14(2-4).

(2) The conditions are as follows:

- 1) the applicant is not subject to an outstanding recovery order for aid granted by the same Member State following a previous Commission decision declaring the aid illegal and incompatible with the single market, and such order has not been fully satisfied;
- 2) the applicant is not in difficulty (see § 3(6)) and submits a declaration of honour to that effect;
- 3) purchases have not been made and work on the project has not commenced before the Danish Energy Agency has announced subsidy commitments (see

§ 3(1)); Energy service providers may enter into a non-binding agreement with their supplier of heat pumps for the purchase of a batch of heat pumps as well as main meters, subject to the energy service provider obtaining a subsidy commitment;

4) the heat pump would not have been installed without a subsidy under this Order;

5) the heat pump is electric and uses a renewable energy source, including air-to-water and liquid-to-water heat pumps;

6) the heat pump replaces an existing oil, wood pellet or gas boiler for heating of buildings at the heating customer;

7) the heating customer's oil, wood pellet or gas boiler is scrapped;

8) the heat pump is installed in a building located outside areas designated for district heating;

9) contracts between the energy service provider and the heating customer are made on condition of the subsidy commitment by the Danish Energy Agency,

10) the subsidy amount is used to reduce the heating customer's one-off payment to the energy service provider when installing the heat pump;

11) the one-time payment by the heating customer to the energy service provider when the heat pump is installed appears on the contract, both including and excluding the subsidy,

12) the heat pump is not installed in a building owned by the energy service provider or a company forming part of a group with the energy service provider and

(3) Decisions under (1) shall be transmitted using the application portal made available on the home page of the Danish Energy Agency.

(4) The Danish Energy Agency can lay down further conditions for subsidy commitments, including deadlines for purchase and installation, operation, maintenance, delivery of heat to the heating customer, duration of ownership, duration of operation, deadline for the completion of the installation and a deadline for application for payment etc.

§ 15. Following a reasoned application in writing, the Danish Energy Agency may approve revisions to a commitment for a project, even if the project has been initiated, but not completed. In assessing this application, emphasis is placed on the fact that the project is essentially included in the original project application, that significant parts of the project have been carried out, including that significant parts of installations, contracts, etc. have been completed, or that full implementation would pose significant difficulties, and the original project's objective of energy efficiency could be fully or partially achieved. In this context, the Danish Energy Agency may reduce the amount of the original subsidy commitment.

(2) A request to revise a commitment for a project, cf. paragraph 1, shall be received by the Danish Energy Agency within a reasonable time prior to the latest date by which the project shall be completed.

Chapter 7

Payment of subsidy

§ 16. Upon application by an energy service provider, the Danish Energy Agency makes a decision on subsidy payments.

(2) The application for subsidy payment shall be submitted digitally on an application form prepared by the Danish Energy Agency via the application portal, which is published on the home page of the Danish Energy Agency.

(3) The Danish Energy Agency must have received the application for subsidy payment within 120 days of the end date of the project, when the energy service provider has installed the last heat pump covered by the commitment.

(4) If a payment application, cf. paragraph 3, is not submitted in time, the Danish Energy Agency may decide that the commitment is void in whole or in part, cf. Section 24(1)(4).

(5) If there is a reasoned request, the Danish Energy Agency may in special cases extend the deadline for the application for subsidy payment, cf. Section 16(3)). However, the extension can only be given if the project has started and the application has been faced with significant difficulties or events resembling force majeure.

(6) Decisions pursuant to paragraph 1 shall be transmitted via the application portal, which shall be made available on the Danish Energy Agency's website.

§ 17. Subsidy payments under Section 16(1) are conditional upon:

- 1) the energy service provider at the time of payment still fulfilling the conditions for pre-qualification,
- 2) documentation that purchasing and installation have been carried out in accordance with the commitment by the Danish Energy Agency and other conditions laid down,

3) evidence that the oil, wood pellet or gas boiler at the heating customer's address has been scrapped and replaced by a heat pump;

4) eligible activities having been performed or provided by a company registered for VAT, except as provided for in paragraph 2; and

5) the energy service provider having submitted in a timely manner to the Danish Energy Agency a statement of eligible costs that have been paid, cf. Section 4, documentation of such payments, and project accounts.

(2) The Danish Energy Agency may waive the condition in paragraph 1(4) when the eligible activities are exempt from VAT under the Act on value added tax (the VAT Act).

§ 18. The final subsidy is calculated on the basis of the actual eligible costs incurred.

(2) The subsidy shall be paid per installed heat pump, cf. Section 20(1)(5).

(3) If the subsidy amount determined in the commitment, cf. Section 11(1) for the scrapping of oil or gas boilers, exceeds 45% of the actually incurred eligible costs, the subsidy shall be revised downwards so that the permissible aid intensity of 45% of the eligible costs is not exceeded, cf. Section 5(1).

(4) If the subsidy amount determined in the commitment, cf. Section 11(1) for the scrapping of wood pellet boilers, exceeds 30% of the actually incurred eligible

costs, the subsidy shall be revised downwards so that the permissible aid intensity of 30% of the eligible costs is not exceeded, cf. Section 5(1).

(5) If the actually incurred eligible costs exceed the subsidy amount specified in the commitment, cf. Section 11(1), the subsidy shall be maintained in such a way that the amount of aid corresponds to that indicated in the commitment.

§ 19. The application for subsidy payment shall contain project accounts for the project with information on the size of the eligible costs incurred and paid. The accounts shall be signed by the person entitled to subscribe to the energy service provider and accompanied by a list of accounting documents, cf. Section 20.

(2) Whenever the subsidy amount applied for results in the total subsidy amount for the energy service provider's eligible projects for the entire subsidy period being less than DKK 1 million, the accounts must be accompanied by a copy of the accounting documents relating to the eligible costs.

(3) Each time that the subsidy amount applied for leads to the total subsidy for projects of the energy service provider eligible for subsidy totalling more than DKK 1 million, the accounts shall be audited in accordance with auditing instructions prepared by the Danish Energy Agency.

(4) The Danish Energy Agency can decide that the information in the payment application and the accounts should be confirmed by an authorised auditor, including that the accounts are accompanied by an audit statement.

§ 20. The energy service provider shall enter the following information on the accounting document:

1) Name and CVR number (Central Business Register number) of the company where the heat pump was purchased.

2) Invoice date.

3) Start and end date for installation of the heat pump for the heating customer.

4) The address or addresses to which the installations relate.

5) The heating customer's confirmation that the heat pump is installed and the oil, wood pellet or gas boiler is scrapped.

(2) Where an accounting document covers both eligible and ineligible costs, it must be clear which costs are the eligible costs.

(3) The Danish Energy Agency shall on request be shown the original accounting documents.

§ 21. The subsidy is paid to the NemKonto (electronic account) of the energy service provider.

Chapter 8

Transfer of rights

§ 22. Upon project completion, the energy service provider may transfer ownership of a heat pump to another company with the prior agreement of the Danish Energy Agency.

(2) The energy service provider may not transfer his rights and obligations relating to a subsidy for a project to another company without written permission from the Danish Energy Agency.

(3) The energy service provider can before the end of the contract period transfer ownership of the heat pump to the heating customer, if the heating customer wishes to take over ownership.

(4) The heating customer shall have the possibility to withdraw from the subscription contract under the conditions set out in the contract between the energy service provider and the heating customer.

Chapter 9

Monitoring and disclosure obligations

§ 23. The Danish Energy Agency monitors compliance with the provisions in this Order.

(2) The Danish Energy Agency can carry out sample accounting monitoring of applications for payment and concluded subsidy cases.

(3) Any energy service provider shall, at the request of the Danish Energy Agency, provide information and documentation for the assessment of the application for commitment, the application for subsidy payment and the content of the contractual basis between the energy service provider and the heating customer. The energy service provider is furthermore obligated to provide information and documentation for the assessment of the conditions which are emphasised in the pre-qualification and for the Danish Energy Agency's general supervision and monitoring in accordance with this Order. In addition, the Danish Energy Agency may require the information to be verified by an independent expert.

(4) The energy service provider shall draw the attention of the Danish Energy Agency to changes in the condition of the company which may be significant for pre-qualification, announcement of commitments or payment of subsidies.

Chapter 10

Withdrawal and repayment of subsidy

§ 24. The Danish Energy Agency can decide on total or partial withdrawal of subsidy commitments or total or partial subsidy repayments if:

- 1) the energy service provider has supplied false or misleading information or concealed information relevant to the decision of the case;
- 2) the conditions for the subsidy commitment, subsidy payment, or terms of the commitment are not met,
- 3) the project has not been implemented as stipulated in the commitment, unless permission for such has been obtained (see § 15(1)),
- 4) the deadlines set out in the commitment for completion of the installation and submission of payment request are exceeded, except as provided for in Section 16(5); or
- 5) The subsidy receipt fails to provide information significant for payment of the subsidy on request from the Danish Energy Agency.

(2) If subsidies have been paid in accordance with commitments which have been cancelled wholly or partially pursuant to paragraph 1, they may be required to be repaid wholly or partially in accordance with the cases listed in Section 24(1) (1-5).

(3) Repayment of the subsidy shall be made within 14 days of request, at the latest. If the amount due is not repaid in time, interest will be added after the due date, corresponding to the interest stipulated in Section 5 of the Interest Act.

§ 25. The Danish Energy Agency can decide whether subsidy commitments are wholly or partially withdrawn, if the allocation of the subsidy has been made contrary to the General Block Exemption Regulation.

(2) If the subsidy has been paid, it can be required to be repaid wholly or partially in accordance with the EU regulations on State aid.

Chapter 11

Appeals and penalties

§ 26. Decisions of the Danish Energy Agency under this Order cannot be appealed to any other administrative authority than the Energy Appeals Board.

(2) The appeal shall be sent in writing to the Energy Appeals Board within 4 weeks of the notification of a decision.

§ 27. Unless higher penalties are stipulated under other legislation, fines will be imposed on energy service providers that supply false or misleading information in the context of:

1) subsidy applications (see Sections 11-15).

2) subsidy payment applications (see Sections 16-20).

3) the Danish Energy Agency's request for further information in accordance with Section 23(3); or

4) the energy service provider's notification obligation, cf. Section 23(4).

(2) Companies, etc., (legal persons) may be held criminally liable in accordance with the regulations set out in Chapter 5 of the Penal Code.

Chapter 12

Entry into force

§ 28. The Order shall enter into force on 1 July 2025.

(2) Order No [] on subsidies for individual heat pumps for the scrapping of oil or gas boilers (scrapping scheme) is revoked. The Order shall nevertheless apply to applications for pre-qualification, decisions on pre-qualification and applications for subsidy commitments and decisions on subsidy commitments notified pursuant to the said Order.

Danish Ministry of Climate, Energy and Utilities, dated

Lars Aagaard

/ Iben Møller Søndergård

Official notes

²¹ This Order contains provisions transposing parts of Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955 (recast) and Directive 2023/2413/EU of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council

Directive (EU) 2015/652. A draft of this Order has been notified in accordance with Directive (EU) 2015/1535 of the European Parliament and of the Council laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services (codification).