Ports Mode Shift Grants in Scotland - A guide for applicants

TRANSPORT SCOTLAND

1. Background

Taking freight off congested roads and moving it water can have environmental and wider social benefits but it can be more expensive. Ports Mode Shift Grant (PMSG) is therefore available to assist with the extra costs generally associated with moving freight water by offsetting the capital costs of providing the required freight handling facilities. It is also available to help companies reinvest in existing water freight facilities.

Who can apply?

Any company which wants to move freight by water rather than by road and which is proposing to invest in new freight handling facilities in a Scottish port or re-invest in existing port facilities in Scotland may apply for PMSG .

How much can be paid?

The amount of PMSG that will be offered depends on:

- the value of the environmental benefits (see Annex A)
- the additional costs of moving freight by water, determined by a financial appraisal of the project comparing the cost of the water operation with the road alternative
- The grant should not exceed a maximum permissible aid intensity, which for maritime ports varies according to the size of the investment project
- should not exceed the difference between the eligible costs and the operating profit of the investment, except for very small aid amounts, for which a simplified approach is appropriate in order to reduce the administrative burden

The budget for all freight grants is set by Scottish Ministers and may vary from year to year. If there is pressure on funds, grants may have to be prioritised. Subject to budget availability, grant will be capped at 50% of the eligible costs or the financial need, whichever is lowest, and may vary depending on the type of port. Annex C contains further information on the limits for GBER projects.

Note - the aid amount shall not exceed the difference between the eligible costs and the operating profit of the investment or dredging. The operating profit shall be deducted from the eligible costs, on the basis of reasonable projections, or through a claw-back mechanism.

The key requirement for payment of grant is that Scottish Ministers must be satisfied that if the proposed facility is not provided, the freight, which would have used it, will in fact be carried by road. This means that there must be soundly based projections of the type and quantity of goods that would use the proposed facility and evidence that these goods are currently transported by road.

PMSG is paid in the clear expectation that the freight facility will secure the removal of lorries from specific routes for a specific number of years. In return for PMSG support, grant recipients have to give a commitment to use the facility for a certain period and move a specified amount of freight through the port facility.

Where the freight being moved is third party consignments, it may not be possible to secure a commitment from that party and forecasts are likely to be less reliable. In such cases, Transport Scotland will take a view on the robustness and accuracy of the forecast tonnage and the strength of third party assurances.

Which facilities are likely to be eligible?

2. Eligible Costs

The eligible costs shall be the costs, including planning costs, of:

(a) investments for the construction, replacement or upgrade of port infrastructures
(b) investments for the construction, replacement or upgrade of access infrastructure
(c) dredging

Which costs are not eligible?

- Costs relating to non-transport related activities, including industrial production facilities active in a port, offices or shops, as well as for port superstructures shall not be eligible costs
- Port facilities are unlikely to be eligible for PMSG if they are not to be used exclusively for or in connection with the carriage, loading and unloading of freight by water. Each case will however be considered on its own merits
- Funding is limited to capital expenditure. Design and project management costs associated exclusively with the freight facility are also likely to be eligible
- The costs of the purchase of land associated with the development of a freight facility
- The acquisition or modification of ships i.e. self-propelled vessels that require certification to operate outside domestic smooth water limits

Annex C contains a more detailed definition on aid for ports and eligible costs.

In addition, PMSG will **not** normally be paid for:

- increases in costs above the estimates on which the grant application was assessed
- establishment charges and overheads during design and construction or costs incurred in obtaining statutory planning approval for any part of the project
- costs incurred prior to an award of grant including preparing or processing the grant application (including consultants' costs) or auditing claims for payment of grant

Revenue costs

If you think you need assistance with revenue costs associated with shipping and that this will make the difference between moving freight by water rather than the road alternative, you may be eligible for Waterborne Freight Grant (WFG) for coastal and short sea shipping projects. Guidance on the WFG scheme is available this link http://www.transportscotland.gov.uk/road/freight/freight-grants

PMSG will not be paid where:

- the freight facility can be commercially justified or would proceed anyway without PMSG
- Contracts for construction work or water haulage have already been let or construction work has started, in respect of the facility which is the subject of the grant application, before grant has been approved
- the environmental benefits to be gained are insufficient to justify grant
- where there is no road transport alternative. For example, where a planning condition or other legal restriction prevents or restricts the use of road. Transport Scotland will however be able to consider PMSG where the traffic in question would move by road from a different location with no restrictions.

How are environmental benefits calculated?

PMSG is all about the benefits - public, environmental and social - arising from freight being moved by water rather than by road. In practice, this means the environmental benefits of removing lorries from roads. Annex A contains further information on calculating environmental benefits.

How to apply

Before making a formal application for PMSG, you should approach Transport Scotland who will be able to give informal advice on whether, and to what extent, a freight facility may be eligible for grant. An initial meeting with Transport Scotland is usually the best way forward and can save unnecessary work.

Before this meeting, Transport Scotland will want to know:

- the details of the proposed facilities and estimated cost
- the estimated annual tonnage and the period for which this can be committed
- the origin and destination of the traffic, the road routes taken, the payload of the lorries and details of any back loads
- whether road haulage will be used as part of the water operation
- details of any discussions with a goods service operator and any other interested parties such as port owners or operators

Processing the grant application

On receipt of the formal application, Transport Scotland may decide to seek independent engineering advice to examine the design and specification of the project. The costs of this will be borne by Transport Scotland. A visit to the site of the proposed facility, by Transport Scotland and by its appointed consultant, may be necessary.

No contracts should have been signed for construction of the freight facility before a formal award of PMSG has been made.

Impact of Freedom of Information (Scotland) Act 2002

Information provided in an application, including personal information, may be subject to publication or disclosure in accordance with legislation including the Freedom of Information (Scotland) Act 2002 (FOISA), the Environmental Information (Scotland) Regulations 2004 (EIRs) and the Data Protection Act 1998.

If you want information you provide to us to be treated as confidential, please ensure this is clearly marked. It would also be helpful if you could explain to us why you regard the information you have provided is of particular sensitivity (and for how long the sensitivity remains). If we receive a request for disclosure of this information we will take full account of your explanation, but due to our obligations under the relevant legislation we cannot give an assurance that information supplied to us, even in confidence, will not be disclosed. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding.

How PMSG will be paid

As eligible construction work progresses or eligible equipment is purchased, grant (less retention of 10%) will be paid within five working days of receiving receipted invoices through an independent auditor (with the necessary supporting evidence).

Transport Scotland will hold the retained 10% until it has confirmed, following a further site visit, that the facility is fully operational.

In cases where the predictions of the type and quantity of goods that would use the proposed facility are less certain, Transport Scotland may offer payment of a proportion of the grant when the facility is built and the remainder in annual instalments as traffic moves through the facility.

Monitoring traffic after the facility becomes operational

Traffic monitoring on an annual basis (1 April to 31 March) will begin when the facility becomes operational. You will be asked to provide a return of traffic passing through the grant-aided facility. Transport Scotland will verify the tonnages reported. In cases where the applicant is required to provide evidence to corroborate the traffic, the documentation required will be agreed prior to the award of grant.

Possible repayment

If the traffic levels do not meet those committed to in the grant application, Scottish Ministers reserve the right to seek repayment of grant to ensure value for money is achieved on behalf of the taxpayer.

2. General guidance on preparing an application

Once it has been established that the proposed project could qualify for PMSG, and you decide to apply, you will need to complete the application form and provide the following information: -

Background

- Name of company, turnover and number of employees, status (plc, limited company etc.), and details of associated companies including parent / group / subsidiaries

- Description of company's main activities, products and trading history

- Copies of last three years Annual Reports and Accounts

- Details of any previous use of rail or water and any previous grant applications whether successful or otherwise

The Proposal

- Brief overview of the proposal including the purpose and business benefits.

- Details of the traffic which is the subject of the application indicating whether this is traffic new to water (if so, provide description of current operation) or existing traffic which would otherwise revert to road

- If the application is based entirely or partially on retained traffic explain clearly why this traffic will revert to road haulage in the absence of the capital investment proposed

- Draft contract or letter of intent / support from consignor of traffic if appropriate or historic data / forecasts

- Letters from the relevant Regional Transport Partnerships and Local Authorities, at the points of departure and arrival, confirming that they are aware of the proposed project and indicating their view on the proposal.

- Statement of period over which traffic can be committed to water

Capital Costs (see Annex B for full details on financial information required)

- Details of capital works and equipment required and explanation of why they are needed

- Three recent supporting quotations (less than 6 months old) or independent professional estimates for capital expenditure, with an explanation of which quotes have been chosen and the reason why

- The total capital cost of the facilities being applied for, and an indication of what proportion you want Transport Scotland to fund

- Financial details of any leases proposed, whether for land, buildings or equipment.

Proposed Water Operation

- Description of the proposed transport operation with full details of the operating costs, including: costs for the water transport element, associated road haulage costs at start and end of journey (if applicable) and, loading and unloading and any intermediate handling costs (see Annex B for full details on financial information required)

- A programme of construction works, including start and completion dates with any significant stages in between

- A clear letter of intent from a shipping company or stevedore, that they are prepared to carry the proposed traffic and setting out the associated costs

Alternative Road Operation

- Description of alternative road operation including: costs for road transport supported by copies of current contracts. Or, if new business, three independent quotes from road haulage companies, including loading and unloading costs to provide a like for like comparison with the proposal (see Annex B for full details on financial information required).

Environmental Benefits

- Exact location including post code for plants, depots and sites included in the application. Illustrative maps are helpful.

- Details of the routes that would be taken
- Type and payload of road vehicles in both the proposed water based (if any) and alternative road based operations
- Explanation of the likelihood of backloads being available for any of the road or water movements

Planning Issues

- Evidence of planning permission of the proposed water freight facility
- If planning permission is required and has not been obtained, please provide a letter from the Local Planning Authority indicating the likely date of decision
- If planning permission is not required, please provide a letter from the Local Planning Authority confirming this
- Copy of the Marine Licence (if required) allowing the works to proceed

Other Grant Schemes

- Details of any other Central Government, Local Government, EC or other grants being applied for, or having previously been applied for in relation to the project. A full check on compatibility will be undertaken. If other grant support is secured, the level PMSG support will be reduced to ensure that there is no cumulation of grant support
- Whether WFG is required for the proposed flow

All the necessary evidence, supporting documents and layout drawings should be included in appendices.

Three copies of the full application should be forwarded to the Freight Grants Team at Transport Scotland, one of which should, as far as possible, be in electronic format.

Contact:

Transport Scotland, Aviation, Maritime, Freight and Canals
Ports, Shipping, Freight and Canals Branch
Area 2-F (North), Victoria Quay
EDINBURGH
EH6 6QQ

Telephone: 0131 244 1526

If you have any problems or queries in obtaining the relevant information or submitting your application, the Freight Grants Team will be happy to assist.

Calculating Environmental Benefits (EBs)

Introduction

The aim of the EB calculation is to identify which lorry trips have been avoided and estimate the value of them. This involves:

- specifying the origin and destination of each lorry movement that would have occurred without your proposed facility,
- calculating the total distance travelled and on what types of road,
- multiplying these by the standard environmental benefit values published in the Mode Shift Benefit User Guide.

This needs to be done for each year in the period you are proposing traffic for (up to a maximum of 10 years), to calculate the total benefit to society that your proposal will give.

Detailed issues

The following issues will affect the calculation of your schemes EBs.

Each lorry will return either empty or with a ‘backload’, so this will need to be taken into account through the calculation. If lorry trips would still be required to take these backloads, then they could not be counted, as the benefit is from lorry miles that will no longer happen due to your facility.

Often, when freight is transported by water, it will be necessary to transport the freight to or from the port by road at one or both ends of the journey. The origin and destination of these onward road journeys also need to be valued. These are classed as disbenefits and netted off from the benefits you have already calculated.

Illustration of how to calculate lorry miles your scheme will remove from the roads

Steel is produced at a mill. Currently, it is transported by road to a manufacturer 300 miles away. The steel works is 20 miles by road from the nearest port. Delivery from the destination port to the manufacturer involves a 15 miles road trip to the car manufacturer.

The EBs are the 300 removed lorry miles, minus the dis-benefits caused by the 35 miles of road trips still required by the water freight option.

Since the benefit values provided by us take account of the net costs of moving freight by water, applicants will not normally be asked to estimate the net social and environmental costs of water separately. In effect, this approach is consistent with the assumption that the distance the freight travels by water is broadly similar to the length of the road journey removed (after adjusting for any local road distribution legs at the end of the water journey).

This approach is broadly accurate in most cases. However, where the road and water journey distances vary by more than 25% from each other, you will need to discuss the way in which this should be handled. This is to guard against under or over-estimating the potential EBs, given that alternative modes also have environmental impacts.

Illustration of an unusual case
A scheme to replace a road trip round an estuary by a very short water trip is an example of a case that would be sufficiently unusual to merit an early discussion with Transport Scotland Freight Grants Team, to ensure that the method of calculating EBs would yield a sensible result.

Mode Shift Benefit Values

EBs are worked out using 'Mode Shift Benefit Values' (MSBs). The current values will remain in force until 31 March 2020. These define the level of benefit that will be gained by removing lorry journeys. There are four MSBs:

Table 1: MSB values by road types

Motorways – high value (see table 2 below)	£0.89
Motorways – Standard	£0.12
A – Roads (*)	£0.82
All other roads	£2.35

(*) Not including single track A-Roads with passing places which will be treated as other roads.

Motorway miles are categorised as being high value or standard. The motorway sections which attract the higher value are listed below.

Table 2: List of Motorway sections that attract high MSB values

		J15a	**J16**	**J17**
M1	**J15**	2.7	6.6	15.2
	J15a		3.9	12.5
	J16			8.6

M1	J29	J30	J31	J32	J33	J34	J35	J35a
J28	6.8	13.6	19.2	22.5	24.9	27.5	31.4	32.9
J29		6.8	12.4	15.7	18.0	20.7	24.5	26.1
J30			5.6	8.9	11.2	13.9	17.8	19.3
J31				3.3	5.7	8.3	12.2	13.7
J32					2.4	5.0	8.9	10.4
J33						2.7	6.5	8.1
J34							3.9	5.4
J35								1.5

M3	J10	J11	J12	J13	J14
J9	1.4	2.7	6.3	8.0	9.1
J10		1.3	4.8	6.5	7.7
J11			3.5	5.2	6.4
J12				1.7	2.9
J13					1.2

M4	J5	J6	J7
J4b	2.1	5.8	7.5
J5		3.7	5.5
J6			1.7

		J32	**J33**
M4	**J30**	5.6	9.0
	J32		3.4

		J4a	J5	J6	J7	J8	J9	J10	J10a
M6	J4	2.7	4.8	8.0	12.4	12.9	15.8	17.3	20.8
	J4a		2.1	5.3	9.7	10.2	13.0	14.5	18.1
	J5			3.2	7.6	8.1	11.0	12.5	16.0
	J6				4.4	4.9	7.8	9.3	12.8
	J7					0.5	3.4	4.8	8.4
	J8						2.9	4.3	7.9
	J9							1.5	5.0
	J10								3.5

		J16	J17	J18	J19	J20	J21	J21a
M6	J15	9.4	15.5	19.3	27.4	32.0	35.1	38.0
	J16		6.1	9.8	18.0	22.6	25.7	28.6
	J17			3.7	11.9	16.5	19.6	22.5
	J18				8.1	12.7	15.8	18.8
	J19					4.6	7.7	10.6
	J20						3.1	6.0
	J21							2.9

M8		J9	J10	J11	J12	J13	J14	J15	J16	J17	J19
	J8	1.2	2.1	3.2	4.5	5.1	5.8	6.5	7.1	7.8	8.5
	J9		0.9	2.0	3.2	3.9	4.5	5.3	5.9	6.6	7.3
	J10			1.1	2.4	3.0	3.7	4.4	5.0	5.7	6.4
	J11				1.2	1.9	2.5	3.3	3.9	4.6	5.3
	J12					0.7	1.3	2.0	2.7	3.3	4.0
	J13						0.6	1.4	2.0	2.7	3.3
	J14							0.7	1.4	2.0	2.7
	J15								0.6	1.3	2.0
	J16									0.7	1.4
	J17										0.7

M25	All

M42		J4	J5	J6	J7
	J3a	2.1	4.5	8.1	10.4
	J4		2.4	6.0	8.3
	J5			3.6	5.9
	J6				2.3

M60	All

		J19	J20	J21
M62	J18	3.0	5.2	7.5
	J19		2.2	4.5
	J20			2.2

		J27	J28	J29	J30
M62	J26	4.5	7.5	10.3	12.5
	J27		3.0	5.7	7.0
	J28			2.8	4.0
	J29				2.2

Route value per lorry

You can complete your calculations manually. The following example shows a project moving 15,000 tonnes in year one, then 30,000 per year for the next 2 years, and 40,000 for the following years. The lorries return empty and each fully laden lorry carries 24 tonnes of cargo. The route value is as shown below.

Table 3: Route value

Type	Miles	Rate	Value
Motorway (High)	5.0	£0.89	£4.45
Motorway (Standard)	175.0	£0.12	£21.00
A-roads	23.6	£0.82	£19.35
Other	3.4	£2.35	£7.99
Total	**207.0**		**£52.79**

Total value

The **second stage** is to look at the number of lorry trips avoided, including the backloads, and work out the total value of the benefits. Annual tonnage divided by average payload gives the number of loaded trips. This figure is used if there are no backloads associated with the project If the lorries return empty, or the backloads are associated with the scheme, then the total lorry trips is equal to the loaded journeys multiplied by two. In the example below there are no loaded backloads so both loaded and unloaded journeys are avoided.

Benefits per annum are obtained by multiplying the number of lorry trips per annum by the route valuation of £52.79.

Table 4: Calculation of benefits taking into account backloads

Year	Tonnage	Trips – including backloads	Route Value	Benefits
1	15,000	1,250	£52.79	£65,988
2	30,000	2,500	£52.79	£131,975
3	30,000	2,500	£52.79	£131,975
4	40,000	3,333	£52.79	£175,949
5	40,000	3,333	£52.79	£175,949
6	40,000	3,333	£52.79	£175,949
7	40,000	3,333	£52.79	£175,949
8	40,000	3,333	£52.79	£175,949
9	40,000	3,333	£52.79	£175,949
10	40,000	3,333	£52.79	£175,949
TOTAL	**355,000**	**29,581**		**£1,561,581**

Discounting of benefits

The **third stage** is to discount the EBs for later years to arrive at their current value. The financial appraisal is undertaken on the same basis. Benefits occurring in different years are valued on a discounted basis. The discount rate used is 3.5%. The table below shows how to do this for the example scheme. The benefits in each year are multiplied by the discount factor shown.

Table 5: Discounting to arrive at the current value of the Benefits

Year	Tonnage	Benefits	Discount Factor	Discounted Benefits
1	15,000	£65,988	0.966	£63,744
2	30,000	£131,975	0.934	£123,265
3	30,000	£131,975	0.902	£119,041
4	40,000	£175,949	0.871	£153,252
5	40,000	£175,949	0.842	£148,149
6	40,000	£175,949	0.814	£143,223
7	40,000	£175,949	0.786	£138,296
8	40,000	£175,949	0.759	£133,545
9	40,000	£175,949	0.734	£129,147
10	40,000	£175,949	0.709	£124,748
Total	**355,000**	**£1,561,581**		**£1,276,410**

In this illustration the EBs are £1,276,410. The actual level of grant support is capped at 50% of the eligible costs, or financial need whichever is lower. Financial need is demonstrated based on the additional costs of water freight compared to road but takes account of the upper limit of the EBs, value for money, and the availability of funds.

Road Routes Outside Scotland

If the route includes roads in England or Wales, the EBs generated in each country should be shown separately.

ANNEX B

FINANCIAL INFORMATION REQUIRED

Introduction

PMSG appraisals are conducted over the expected length of commitment period to water. All costs should be expressed in current prices to exclude the effects of general price inflation. Grant is assessed on the financial imbalance between water and road within the strict limits of the EBs which will arise as a result of lorry traffic being removed from roads. It follows that you will need to work up a costed road option to enable a proper comparison between the costs of road and water to be made.

The main elements are the costs and revenues of the road and water options, which are all assumed to be earned mid-year. The aim is to compare the post-tax discounted cash flows of road and water, i.e. the Net Present Value (NPV) of the net cash flow. This includes adjustments for the effects of corporation tax.

For the purposes of the analysis, PSMG is treated as a lump sum grant paid in the first year of the scheme. PSMG is calculated so as to make the NPV of the net cash flow equal to zero over the project period.

Information Required

The following sections list the information required for a financial appraisal to be carried out by Transport Scotland, this information should be supported by appropriate evidence.

Tonnages:

- Forecast tonnage for each flow in each year of the appraisal

Road Option:

- Revenues from each flow (if these differ from the rail or water option)
- Road haulage costs (supported by copies of contracts or if new traffic three written road haulage quotations) for each flow
- Cost of each capital item, with an estimated residual or scrap value at the end of the appraisal period
- Full details of any capital allowances arising from the project's implementation
- Any other costs, e.g. administration and handling

Water Option:

- Revenues from each flow, (if these differ from the road option)
- Shipping costs (supported by 3 written quotations) for each flow or set of flows
- Loading and unloading charges
- Cost of each capital item, with an estimated residual or scrap value at the end of the appraisal period
- Full details of any capital allowances arising from the project's implementation

- Any other costs, e.g. administration and handling

Also include relevant information on:

- Benefits to other businesses of the project going ahead.
- Timing of capital expenditure.
- Proposed financing, e.g. purchased vs. leased assets.
- Non-financial benefits and costs of water, e.g. speed, reliability, planning issues, congestion.

An example of a financial appraisal is available on request

State Aid

Council Regulation No 994/98 of 7 May 1998, amended by Council Regulation No 733/2013 of 22 July 2013, enables the Commission to adopt so-called Block Exemption Regulations for State aid. With these regulations, the Commission can declare specific categories of State aid compatible with the Treaty if they fulfil certain conditions, thus exempting them from the requirement of prior notification and Commission approval.

General block exemption Regulation (GBER)

Commission Regulation (EU) N°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

Practical guide to the GBER. DG COMP has published questions and answers to Articles 36 to 58 in March 2016. The guide therefore now covers all Articles of the GBER. It is meant to familiarize authorities and beneficiaries with the GBER and help them to apply the rules to their specific situation. **Commission 2017 Amendment of the GBER – extension to ports and airports**

Commission Regulation (EU) 2017/1084 of 14 June 2017 amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, notification thresholds for aid for culture and heritage conservation and for aid for sport and multifunctional recreational infrastructures, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs.

"SECTION 15

Aid for maritime ports (Article 56b)

1. Aid for maritime ports shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.

2. The eligible costs shall be the costs, including planning costs, of:
(a) investments for the construction, replacement or upgrade of port infrastructures;
(b) investments for the construction, replacement or upgrade of access infrastructure;
(c) dredging.

3. Costs relating to non-transport related activities, including industrial production facilities active in a port, offices or shops, as well as for port superstructures shall not be eligible costs.

4. The aid amount shall not exceed the difference between the eligible costs and the operating profit of the investment or dredging. The operating profit shall be deducted

from the eligible costs *ex ante*, on the basis of reasonable projections, or through a claw-back mechanism.

5. The aid intensity per investment referred to in point (a) of paragraph 2 shall not exceed:
(a) 100 % of the eligible costs where total eligible costs of the project are up to EUR 20 million;
(b) 80 % of the eligible costs where total eligible costs of the project are above EUR 20 million and up to EUR 50 million;
(c) 60 % of the eligible costs where total eligible costs of the project are above EUR 50 million and up to the amount laid down in point (ee) of Article 4(1).

The aid intensity shall not exceed 100 % of the eligible costs determined in point (b) of paragraph 2 and point (c) of paragraph 2 up to the amount laid down in point (ee) of Article 4(1).

6. The aid intensities laid down in points (b) and (c) of the first subparagraph of paragraph 5 may be increased by 10 percentage points for investments located in assisted areas fulfilling the conditions of point (a) of Article 107(3) of the Treaty and by 5 percentage points for investments located in assisted areas fulfilling the conditions of point (c) of Article 107(3) of the Treaty.

7. Any concession or other entrustment to a third party to construct, upgrade, operate or rent aided port infrastructure shall be assigned on a competitive, transparent, non-discriminatory and unconditional basis.

8. The aided port infrastructure shall be made available to interested users on an equal and non-discriminatory basis on market terms.

9. For aid not exceeding EUR 5 million, the maximum amount of aid may be set at 80 % of eligible costs, as an alternative to application of the method referred to in paragraphs 4, 5 and 6.

Aid for inland ports (Article 56c)

1. Aid for inland ports shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled. 20.6.2017 L 156/13 Official Journal of the European Union EN

2. The eligible costs shall be the costs, including planning costs, of:
(a) investments for the construction, replacement or upgrade of port infrastructures;
(b) investments for the construction, replacement or upgrade of access infrastructure;
(c) dredging.

3. Costs relating to non-transport related activities, including industrial production facilities active in a port, offices or shops, as well as for port superstructures shall not be eligible costs.

4. The aid amount shall not exceed the difference between the eligible costs and the operating profit of the investment or dredging. The operating profit shall be deducted from the eligible costs *ex ante*, on the basis of reasonable projections, or through a claw-back mechanism.

5. The maximum aid intensity shall not exceed 100 % of the eligible costs up to the amount laid down in point (ff) of Article 4(1).

6. Any concession or other entrustment to a third party to construct, upgrade, operate or rent aided port infrastructure shall be assigned on a competitive, transparent, non-discriminatory and unconditional basis.

7. The aided port infrastructure shall be made available to interested users on an equal and non-discriminatory basis on market terms.

8 .For aid not exceeding EUR 2 million, the maximum amount of aid may be set at 80 % of eligible costs, as an alternative to application of the method referred to in paragraphs 4 and 5.

Definitions for Aid for ports

(154) “port” means an area of land and water made up of such infrastructure and equipment, so as to permit the reception of waterborne vessels, their loading and unloading, the storage of goods, the receipt and delivery of those goods and the embarkation and disembarkation of passengers, crew and other persons and any other infrastructure necessary for transport operators in the port;
(155) “maritime port” means a port for, principally, the reception of sea-going vessels;

(156) “inland port” means a port other than a maritime port, for the reception of inland waterway vessels;

(157) “port infrastructure” means infrastructure and facilities for the provision of transport related port services, for example berths used for the mooring of ships, quay walls, jetties and floating pontoon ramps in tidal areas, internal basins, backfills and land reclamation, alternative fuel infrastructure and infrastructure for the collection of ship-generated waste and cargo residues;

(158) “port superstructure” means surface arrangements (such as for storage), fixed equipment (such as warehouses and terminal buildings) as well as mobile equipment (such as cranes) located in a port for the provision of transport related port services;

(159) “access infrastructure” means any type of infrastructure necessary to ensure access and entry from land or sea and river by users to a port, or in a port, such as roads, rail tracks, channels and locks;

(160) “dredging” means the removal of sediments from the bottom of the waterway access to a port, or in a port;

(161) “alternative fuel infrastructure” means a fixed, mobile or offshore port infrastructure allowing a port to supply vessels with energy sources such as electricity, hydrogen, biofuels as defined in point (i) of Article 2 of Directive 2009/28/EC, synthetic and paraffinic fuels, natural gas, including biomethane, in gaseous form (compressed natural gas (CNG)) and liquefied form (liquefied natural gas (LNG)), and liquefied petroleum gas (LPG) which serve, at least partly, as a substitute for fossil oil sources in the energy supply to transport and which have the potential to contribute to its decarbonisation and enhance the environmental performance of the transport sector;

(162) “vessels” mean floating structures, whether self-propelled or not, with one or more surface displacement hulls; (163) “sea-going vessels” mean vessels other than those which navigate solely or mainly in inland waterways or in waters within, or closely adjacent to, sheltered waters; (164) “inland waterway vessels” mean vessels intended solely or mainly for navigation on inland waterways or in waters within, or closely adjacent to, sheltered waters; 20.6.2017 L 156/6 Official Journal of the European Union EN

(165) “infrastructure for the collection of ship-generated waste and cargo residues” means fixed, floating or mobile port facilities capable of receiving ship-generated waste or cargo residues as defined in Directive 2000/59/EC of the European Parliament and of the Council.”