



Guide

Application for funding for fitment for freight locomotives with
ETCS and STM

Indhold

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1 Intro

As part of the roll-out of the new signaling system ERTMS on the Danish railway, Banedanmark has the opportunity to compensate Railway Freight Undertakings for up to half of their expenses in connection with the purchase and installation of new train control systems in freight locomotives.¹

The Danish parliament has granted 57.3 million DKK (pl-2020).

The EU Commission approved the scheme in July 2017 and an adjustment in September 2020, after which the aid period has been extended and the national ceiling on aid amounts removed.

This guide is based on the act "Bekendtgørelse om tilskud til ETCS-udrustning af godslokomotiver" available at [Retsinformation.dk](https://retsinformation.dk) (in Danish only). The purpose of this guide is to provide potential applicants with information on application criteria, application process, allocation of grant etc.

2 What can be applied for?

A total of up to 50% of the total direct costs can be included in the application for acquiring and installing ETCS² and Danish STM. It is not possible to apply for reimbursement of indirect costs and project costs.

If freight operators import locomotives to Denmark with ETCS equipment already installed ready to be used on the Danish rail network, they can be granted compensation at the same terms as locomotives that is retrofitted.

The respective freight operator needs to be able to document the specific costs for the equipment and installation as well as the age of the equipment to make Banedanmark able to calculate the granting in a documented manner based on depreciation on the declining balance method over 25 years.

If other public funding (including EU funding) has been obtained for the fitment of the STM and / or ETCS freight locomotives concerned, it should be noted that it is possible to obtain only up to 50% of the direct funding cost of purchasing and installing equipment on a specific freight locomotive across the various public funding pools.

If an application has been submitted or planned for EU funding or funding from another public authority, it must be stated in the application. If an

¹ Freight locomotives are defined as a traction locomotive or a shunter locomotive. The definition thus excludes work vehicles / yellow machines. On the other hand, support for locomotives that are used for infrastructure works (track maintenance and engineering work on the infrastructure) is applicable.

² Purchase and installation of GSM-R radio is not included in the funding scheme.

application has been submitted, it must be attached to the Banedanmark application scheme.

3 Who can apply?

Railway Freight Undertakings with a permit in accordance with the rules in Section 9 of the Danish Railway Act and a safety certificate in accordance with the rules in Section 58 of the Danish Railway Act as well as companies that have a safety certificate in accordance with the rules in Section 11 of the Railway Act. 2 with own and/or leased freight locomotives that operate or in the future wish to operate on the Danish railway with freight locomotives that have a valid permit (APOM).

The Danish Railway Act is available here: retsinformation.dk (in Danish only).

4 Applications and processing of applications

The application round opened on 1 September 2020 and will close on 31 August 2025 by which a complete application must be received at the latest.

Please use the application scheme made available on [Banedanmark's homepage](#).

Banedanmark will continuously review the submitted applications in the received order.

Applications will be handled in accordance with the first-come-first-served principle. The scheme will end when the available budget is exhausted or at the scheduled end date, whichever comes first.

Banedanmark will, after receiving an application, review the application and notify the applicant on the results within eight weeks.

Banedanmark may, at any time, request additional information when processing an application.

5 Requirements for the freight locomotives' connection to the Danish railway network

Applications can be made for freight locomotives which over the last five (5) years have driven 50.000 train kilometers³ or over the last five (5) years have performed 5.000 operational hours on the Danish railway network.⁴

In addition, a Solemn Declaration must be signed for continued driving with the subsidized freight locomotives for at least 50.000 train kilometers or 5.000 operational hours in the five years period to come.

In case of trading a subsidized freight locomotive, historical traffic is associated with the freight locomotive and not the Railway Freight Undertaking.

Freight locomotives that do not meet the above requirements can document connection to the Danish railway network, if the applicant for each of the funded freight locomotives oblige to cover at least 50,000 km or 5,000 operating hours on the Danish railway network over a prospective period of five years.

Equipment imported to Denmark

Freight locomotives, which already have ETCS equipment installed and are imported to Denmark for use on the Danish railway network, can receive support on the same terms and conditions as locomotives where the equipment is retrofitted.

The applicant must be able to document the specific costs for equipment and installation as well as the age of the equipment, so that Banedanmark can calculate the allocated support in a well-documented way based on the depreciation method over 25 years.

6 Technical application criteria

A freight locomotive may be considered to receive funding for the installation of STM and / or ETCS equipment when a contract with a supplier has been concluded or a binding offer has been received from a supplier.

It is a requirement that a copy of the agreements and the relevant budgets / price documents are included in the application as documentation for the above.

³ Train kilometers also include empty runnings in connection with the placement of rolling stock

⁴ Operational hours are hours, where the freight locomotive is in operation and manned, however it is not a prerequisite that the train is in movement. The latter can occur in connection with engineering and/or construction work on the Danish railway.

Applications for funding for ETCS train control systems that meet the following technical application criteria can be submitted:

- The equipment must be based on ERTMS baseline 3 and meet the criteria on the technical compatibility of vehicles with the railway network. For further information on this, please consult: <https://www.retsinformation.dk/eli/ta/2016/1465>.
- Freight locomotives operating on railway networks with ATC train control systems and networks with ETCS train control systems must also be equipped with Danish STM.
- The applicant must document that the system is certified as interoperable according to the applicable Technical Specifications for Interoperability Control Command and Signaling (TSI CCS) by sending the NoBo technical dossier. If the certification is based on exceptions, the exceptions are documented as part of the interoperability documentation. The application must be accompanied by a commitment from the supplier that the documentation will be forwarded to Banedanmark no later than three months before testing the compatibility of the equipment according to the applicable processes for ETCS System Compatibility/ESC according to TSI CCS.

In addition, the applicant must be aware of the following general requirements that apply to the installation and approval of ETCS equipment (these requirements apply regardless of whether the installation is supported by Banedanmark or not):

- The equipment must be proven to be compatible with the Danish ERTMS infrastructure in Eastern and Western Denmark by executing the Danish ERTMS System Compatibility (ESC) test cases with the reference infrastructure in Banedanmark's test laboratory, Joint Test Lab. Please note that documentation for carrying out the ESC test and Notified Body ESC check is part of the requirements for applying for approval/APOM in the European Union Railway Agency's (ERA) One Stop Shop (OSS).
- The Danish ESC test cases developed by Banedanmark are notified to the European Union's Railway Agency in accordance with applicable TSI requirements. Test cases and information about the test procedure can be found here: https://www.bane.dk/Jernbanevirksomhed/Udviklingsprojekter/Test-af-ETCS_ombordudstyr.
- Please note: If the interoperability certification is based on exemptions, the area of operation is probably restricted to Denmark, unless the exemptions are recognized in other EU member states. If the freight locomotive is intended for cross border operation to Sweden and/or Germany, further compatibility tests must be

planned in cooperation with the infrastructure managers of these railway networks. Banedanmark will not be involved in planning or carrying out such tests on other states' railway infrastructure.

- Planning of tests both in Banedanmark's Joint Test Lab and on ETCS lines is agreed between Banedanmark and the rail freight company or its supplier at the request of one of the latter two.
- Safety certification for safe integration of ETCS in railway vehicles is carried out according to the applicable processes for Common Safety Methods (CSM).

It is the owner of the locomotive or its supplier who applies for approval (APOM) from the Danish Transport Agency or the European Union's Railway Agency as described in the Danish regulation on approval of vehicles in the railway sector, currently:

<https://www.retsinformation.dk/eli/ta/2020/710>

7 Payout

Banedanmark can pay out the granted subsidy in total after end of the project or in ratios.

In the application scheme the applicant shall specify whether the awarded grant should be paid out in total after end of the project or in ratios.

When choosing ratios, the payment will be made to the beneficiary according to the criteria below.

Criteria for the payment of the funding for a First of Class freight locomotive (FoC):

- First ratio of 50% of the funding for a FoC can be paid out when Banedanmark has received a copy of a detailed design for the installation in the FoC as approved by the notified body (NoBo) as well as documentation for incurred expenses for the FoC.
- Second ratio of 50% of the funding for a FoC can be paid out when Banedanmark has received a copy of the APOM for the ETCS-fitted freight locomotive as well as documentation for incurred expenses for the FoC.
- e FoC.

Criteria for the payment of funding for a freight locomotive that is installed as part of a series fitment:

- First ratio of 25% of the funding for a serial locomotive can be paid not earlier than six (6) months before the physical installation of the

freight locomotive is started, and not before Banedanmark has received a copy of the detailed design for the FoC as approved by NoBo as well as documentation for the incurred expenses for the serial locomotive.

- 2nd ratio of the 75% of the funding for a serial locomotive can be paid out when the installation is complete, and Banedanmark has received a copy of the APOM for the serial locomotive as well as documentation for the incurred expenses for the serial freight locomotive. However, for the last freight locomotive in a series, the second ratio can only be paid out after Ban'danmark's approval of the auditor signed project account of the intire funded installation project.

8 Bank guarantee

The applicant shall provide a bank guarantee according to the conditions below.

The bank guarantee serves as Ban'danmark's security towards the Railway Freight Undertaking's re-payment if the company does not meet the conditions for receiving funding.

The amount of the bank guarantee shall equal the amount of the grant awarded by Banedanmark:

- Half of the bank guarantee can be released when the individual freight locomotive has driven 35,500 kilometers, or has been used 3,500 hours, on the Danish railway as documented by sending a logbook for the use of the individual freight locomotive, and documentation has been provided for the costs in the form of an auditor signed financial statement and the underlying documents.
- The other half of the bank guarantee can be released when the freight locomotive has driven the full 50,000 km, or has been used the full 5,000 hours, on the Danish railway, which is documented by sending a logbook for each freight locomotive, and (if it has not happened before) the documentation of expenses in the form of an auditor signed financial statement and the underlying documents.

9 Changes and supervision

The beneficiary shall inform Banedanmark if any changes are made to the project, and Banedanmark shall approve of these changes before implementation.

Changes to the installation project are approved if Banedanmark assesses that the changes are in line with the purpose of the project and comply with

the statutes specified in the act "Bekendtgørelse om tilskud til ETCS-udrustning af godslokomotiver".

Supervision

Banedanmark supervises the project's compliance to the statutes specified in the above mentioned act. Banedanmark may request any information for this purpose from the beneficiary.

The grant may be withdrawn if:

- the beneficiary has provided incorrect or misleading information,
- the beneficiary has disregarded her/his duty to notify Banedanmark (as per below),
- the project is not carried out in accordance with the project description and/or the grant commitment,
- financial statement is not prepared in accordance with Banedanmark's instructions for preparing financial statements (see 10)
- a commissioning permit (APOM) or a commissioning report has not been obtained and forwarded to Banedanmark by 31 December 2027 at the latest.

Banedanmark can demand that subsidies paid out must be repaid in whole or in part if the subsidy is fully or partially lapsed in accordance with the points above.

Notification

The beneficiary must immediately notify Banedanmark if:

- Conditions, according to the points above, occur and may lead to the complete or partial loss of the awarded grant,
- There are circumstances that, as per the above points, may lead to claims for full or partial repayment of grants.

If a paid subsidy is to be fully or partially repaid, the amount due should be repaid no later than 14 days after demand. Interest is determined in accordance with the Danish Interest Act ("Renteloven") and is calculated from the due date.

10 Accounting and auditing

Final financial statement for the project must be prepared by an approved auditor ("godkendt revisor") and submitted with an auditor's endorsement no later than three months after the end of the last installation in the project.

Accounting and auditing instructions are available at [Banedanmark's homepage](#).

11 Additional considerations

The commitment and grant amount are given to the individual Railway Freight Undertaking, and the bank guarantee is linked to the company that has received the grant commitment. In case of a sale of the locomotive before the application criteria is met, the new owner can maintain commitments / disbursements with equivalent collateral in the form of bank guarantee and fulfillment of the relevant application criteria.

If this is not desired, support commitments will be waived, and any paid support must be refunded by the recipient.

In the event of bankruptcy at the Railway Freight Undertaking, a claim will be made against the bankrupt estate in respect of repayment of the funding already paid. Also, Banedanmark will seek compliance with bank guarantee to the extent that it is not released at the time of the bankruptcy.

If the bankruptcy estate sells the locomotive, the new owner can maintain commitments / disbursements with equivalent security in the form of bank guarantee and fulfillment of the relevant application criteria.

If the bankrupt estate or a new owner does not wish to enter the scheme, any commitments will lapse and any payments received will be reimbursed.

12 Publication

The application round will be published via the following media:

- [Virk](#) (entrance to the public sector in Denmark)
- [Statens Tilskudspuljer](#) (overview of public grants in Denmark)
- [Banedanmark's homepage](#)

13 Contact point

Questions on this guide, or about the funding scheme in general, can be directed to the Signal's secretariat at: SP_secretariat@bane.dk

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