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ANNEX

ANNEX

to the

COMMISSION DECISION

**on the financing of actions under the Innovation Fund, serving as a financing decision
for 2024-2030 and a decision launching calls for proposals in 2024**

ANNEX

1. Introduction

This Annex contains the actions to be launched under the Innovation Fund in 2024 and financed over the period 2024-2030. The Union's contribution is broken down as follows:

- (a) for grants implemented under direct management (point 2): EUR 4 600 000 000;
- (b) for procurement (implemented under direct management) (point 3): EUR 500 000;
- (c) for contribution to blending operations (point 4): EUR 320 000 000;
- (d) for other actions or expenditure (point 5): EUR 30 000 000.

Legal basis

Articles 9, 13b, 13g, 14 and 16 of Delegated Regulation (EU) 2019/856.

Budget line

16.03.01 - Innovation Fund (IF) - Operational expenditure: EUR 4 950 500 000.

Objectives pursued and expected results

The general objectives of the Innovation Fund are set out in Article 10a(8) of Directive 2003/87/EC and in Article 3 of Delegated Regulation (EU) 2019/856.

The appropriations laid down in this Decision are intended to:

- support projects that demonstrate highly innovative technologies, processes or products, are sufficiently mature and have significant potential to reduce greenhouse gas emissions;
- support projects that are sufficiently mature, have significant potential to reduce greenhouse gas emissions and aim to scale up innovative technologies, processes or products in order to achieve broad commercial roll-out across the EU;
- cover all the expenditure incurred by the Commission when implementing and improving the performance of the Innovation Fund.

Climate and biodiversity mainstreaming

The Innovation Fund is a key funding instrument for delivering the Union's economy-wide commitments under the Paris Agreement and its objective of becoming climate-neutral by 2050, as recognised in the European Green Deal Investment Plan. The Innovation Fund focuses on highly innovative technologies and large flagship projects within the Union that can achieve significant emission reductions. Its contribution towards climate objectives is considered to be substantial and is marked as 100% according to the EU's methodology. The Innovation Fund is not part of the multiannual financial framework and will not be tracked for the purposes of the 30% climate target.

2. Grants

The overall budgetary envelope reserved for grants under this work programme is EUR 4 600 000 000.

2.1. Call for proposals for net-zero technologies projects

Legal basis

Article 9 of Delegated Regulation (EU) 2019/856.

Overall estimated amount of Innovation Fund support available for the call for proposals

EUR 2 400 000 000.

Type of applicants targeted by the call for proposals

Legal entities whose projects fall within the scope of the Innovation Fund, as defined in Article 10a(8) of Directive 2003/87/EC, and which are eligible for at least one topic of the call for proposals.

Description of the activities to be funded under the call for proposals, as well as the objectives pursued and expected results

The solicited projects and sectors are those that fall within the scope of the Innovation Fund as defined in Article 10a(8) of Directive 2003/87/EC.

The call for proposals will include five topics:

- (a) small-scale general decarbonisation projects (projects with capital expenditure from EUR 2 500 000 and not exceeding EUR 20 000 000);
- (b) medium-scale general decarbonisation projects (projects with capital expenditure from EUR 20 000 000 and not exceeding EUR 100 000 000);
- (c) large-scale general decarbonisation projects (projects with capital expenditure from EUR 100 000 000);
- (d) clean-tech manufacturing (projects with capital expenditure from EUR 2 500 000);
- (e) pilot projects (projects with capital expenditure from EUR 2 500 000).

Applicants wishing to apply for more than one topic must submit separate proposals under the corresponding topics.

Description of the application procedure

A one-stage application procedure is established.

Applicants must submit their applications, within a specific deadline and using the EU's Electronic Submission Service. Applications must contain the following documents and information:

- information on the legal status of the applicant;
- a description of the key project characteristics in line with the requirements laid down in the call for proposals;
- information on the sources and amounts of EU or Member State funding received or applied for in respect of the same project (action) or part of the project (action) or for the functioning of the applicant during the same financial year;
- documents demonstrating the applicant's financial and operational capacity;

- other mandatory or supporting documents required in the call text, such as a feasibility study, a business plan and a knowledge-sharing plan.

Information on the selection procedure

Award criteria

Grants are to be awarded on the basis of the award criteria laid down in Article 11(1) of Delegated Regulation (EU) 2019/856.

No additional criterion provided in Article 11(2) and (3) will be applied.

Methodology for evaluation and ranking

The selection procedure will be established in accordance with Article 12a of Delegated Regulation (EU) 2019/856.

The European Climate Infrastructure and Environment Executive Agency (CINEA) is to organise the evaluation process. All submitted proposals will be evaluated by independent external experts against the predefined criteria. For that purpose, the external evaluators will use the qualitative and quantitative indicators that will be set out in the call text. An evaluation committee pursuant to Article 150 and Article 200(1) of the Financial Regulation (EU, Euratom) 2018/1046 and composed of independent external experts will be appointed to finalise the evaluation of the proposals.

The proposals that meet the minimum requirements under each criterion will be ranked within the topic to which they applied.

The proposals with the highest scores will be invited to prepare grants within the limits of the available budget within each topic. These will be referred to as the preselected proposals.

A consultation process with the Member States will take place on the preselected proposals before the Commission takes the final award decision.

Specific details will be provided as part of the call documentation, which will be published together with the call for proposals on the [Funding and Tender portal](#).

Implementation

This action will be implemented under direct management by the Commission and CINEA.

2.2. Call for proposals for the manufacturing of electric vehicles battery cells

Legal basis

Article 9 of Delegated Regulation (EU) 2019/856.

Overall estimated amount of Innovation Fund support available for the call for proposals

EUR 1 000 000 000.

Type of applicants targeted by the call for proposals

Any legal entity whose project fulfils the conditions set out in the call for proposals will be eligible to participate.

Description of the activities to be funded under the call for proposals, as well as the objectives pursued and expected results

This action will support electric vehicles battery cells manufacturing projects in order to enhance Europe's industrial capacity and leadership in this net-zero technology and to ensure that battery production capacity in the EEA can respond to increased demand for electric

vehicles, in line with the mandatory standards on CO2 emission performance of light- and heavy-duty vehicles.

Description of the application procedure

A one-stage application procedure is established.

Applicants must submit their applications, within a specific deadline and using the EU's Electronic Submission Service. Applications must contain the following documents and information:

- (a) information on the legal status of the applicant;
- (b) a description of the key project characteristics in line with the requirements laid down in the call for proposals;
- (c) information on the sources and amounts of EU or Member State funding received or applied for in respect of the same project (action) or part of the project (action) or for the functioning of the applicant during the same financial year;
- (d) documents demonstrating the applicant's financial and operational capacity;
- (e) other mandatory or supporting documents required in the call text, such as a feasibility study, a business plan and a knowledge-sharing plan.

Information on the selection procedure

Award criteria

Grants are to be awarded on the basis of the award criteria laid down in Article 11(1) of Delegated Regulation (EU) 2019/856.

Pursuant to Article 11(3) of Delegated Regulation (EU) 2019/856, proposals will be evaluated against two additional award criteria:

- (1) The carbon footprint of the battery manufacturing process. This criterion will be used to reward projects that use production processes that emit a lower volume of greenhouse gases than the median of the other applicants, thereby contributing to achieving the objectives of the European Green Deal.
- (2) The proportion of the project's cathode and anode active materials that do not come from China. This criterion will reward projects that rely less on supply chains on which the EU is already over-reliant and that will therefore contribute to the EU's resilience objectives.

Methodology for evaluation and ranking

The selection procedure will be established in accordance with Article 12a of Delegated Regulation (EU) 2019/856.

CINEA is to organise the evaluation process. All submitted proposals will be evaluated by independent external experts against the predefined criteria. For that purpose, the external evaluators will use the qualitative and quantitative indicators that will be set out in the call text. An evaluation committee pursuant to Articles 150 and 200(1) of the Financial Regulation (EU, Euratom) 2018/1046 and composed of independent external experts will be appointed to finalise the evaluation of the proposals.

The proposals that meet the minimum requirements under each criterion will be ranked.

The proposals with the highest scores will be invited for the grant preparation in the limit of the available budget.

A consultation process with the Member States will take place on the preselected proposals before the Commission takes the final award decision.

Specific details will be provided as part of the call documentation, which will be published together with the call for proposals on the [Funding and Tender portal](#).

Implementation

This action will be implemented under direct management by the Commission and CINEA.

- 2.3. Call for proposals for the production of RFNBO (renewable fuel of non-biological origin) hydrogen

Legal basis

Article 13b of Delegated Regulation (EU) 2019/856.

Overall estimated amount of Innovation Fund support available for the call for proposals
EUR 1 200 000 000.

Type of applicants targeted by the call for proposals

Any legal entity whose project fulfils the conditions set out in the call for proposals will be eligible to participate.

Description of the activities to be funded under the call for proposals, as well as the objectives pursued and expected results

This call for proposals aims to provide cost-efficient support for the production of RFNBO hydrogen within the meaning of Directive (EU) 2018/2001 in the European Economic Area. This support for RFNBO hydrogen production projects will contribute to the rapid creation of a competitive renewable hydrogen market at European level and support European industrial leadership and competitiveness in the hydrogen sector.

This call for proposals will also contribute to achieving the EU's objectives for renewable hydrogen that were established in the Directive (EU) 2018/2001, the REPowerEU Plan, the Green Deal Industrial Plan and the European Hydrogen Bank Communication.

The call for proposal will include two topics:

- (3) a general topic to support the production of RFNBO hydrogen, regardless of the sector in which it will be consumed; and
- (4) a specific topic for the production of RFNBO hydrogen to be used in the maritime sector.

Design of the competitive bidding procedure

The main economic parameters of the competitive bidding procedure will be as follows.

- A maximum volume will apply to each individual bid: the grant amount for each bid may not exceed (i) EUR 250 000 000 for the general topic; and (ii) EUR 200 000 000 for the specific maritime topic.
- A maximum bid price will apply: the bid amount may not exceed the ceiling of 4 EUR/kg of RFNBO hydrogen.
- The support will be granted for a maximum period of 10 years after the project has entered into operation.

- Restrictions on cumulating the support awarded on the basis of a competitive bidding procedure with EU or national public support will apply. Specific cases of cumulation that is not allowed will be defined in the call for proposals.

Description of the competitive bidding procedure

Applicants must submit their applications, within a specific deadline and using the EU's Electronic Submission Service. Applications must contain the following documents and information:

- (a) information on the legal status of the applicant;
- (b) a description of the key project characteristics in line with the requirements laid down in the competitive bidding procedure, such as bid price, volume and capacity;
- (c) documents demonstrating the applicant's financial and operational capacity;
- (d) other supporting documents required in the call text.

An evaluation committee pursuant to Articles 150 and 200(1) of the Financial Regulation will be appointed to evaluate the proposals received.

Submitted proposals will first be evaluated against qualification requirements on a pass/fail basis. These qualification requirements are designed to verify the eligibility of the proposal, the eligibility of candidates, and the quality and relevance of the project to the objectives of the call for proposals.

The proposals that meet the qualification requirements will be ranked from lowest bid price to highest. The bid price will be the sole criterion for this ranking.

The highest ranked proposals will be invited to grant preparation, in the limits of the available budget. Tiebreaking rules in the event of identical bid prices will be specified in the call for proposals.

A consultation process with the Member States will take place on the preselected proposals before the Commission takes the final award decision.

Specific details will be provided as part of the call documentation, published together with the call for proposals, on the [Funding and Tender portal](#).

Implementation

This action will be implemented under direct management by the Commission and CINEA.

3. Procurement

The global budgetary envelope reserved for procurement contracts in 2025 is EUR 500 000.

General description of the contracts envisaged, including the objectives pursued and expected results

One contract is envisaged, with the objective of supporting the Innovation Fund network of national contact points (NCPs). The contract would aim to increase the capacity of NCPs to support potential applicants and promote the Innovation Fund in their Member States. The expected results would consist of a strengthened NCP network, delivery of training sessions, and communication materials delivered to the NCPs.

Implementation

This action will be implemented under direct management by the Commission.

4. Contribution to blending operations

4.1. Contribution to InvestEU for battery value chain

Legal basis

Article 14 of Delegated Regulation (EU) 2019/856 and Article 6 of Regulation (EU) 2021/523.

Amount allocated to the blending operation

EUR 200 000 000.

Description, including the objectives pursued and expected results

The combined support by the Innovation Fund and InvestEU will be used in blending operations implemented by the European Investment Bank (EIB). Blending of the Innovation Fund support with the InvestEU Green Transition product under the InvestEU will significantly contribute to the EU ETS and European Green Deal objectives.

This support should lead to financing battery value chain projects. This will allow the EIB to make investments, which would otherwise be considered too risky.

Further details regarding the underlying financial structure (including the risk-sharing arrangement between the Commission and the EIB, the allocation of annual commitments and eligibility rules related to blending operations) will be specified in the guarantee agreement signed under InvestEU.

Implementation

The action will be implemented under indirect management by the EIB.

4.2. Contribution to InvestEU for the EU-Catalyst Partnership

Legal basis

Article 14 of Delegated Regulation (EU) 2019/856 and Article 6 of Regulation (EU) 2021/523.

Amount allocated to the blending facility

EUR 120 000 000.

Description, including the objectives pursued and expected results

The combined support from the Innovation Fund and InvestEU will be used in blending operations implemented by the EIB. Blending of the Innovation Fund support with the InvestEU Green Transition product under the InvestEU will significantly contribute to achieving the EU ETS and European Green Deal objectives.

These funds will be used to contribute to the InvestEU top-up guarantee that contributes to the EU-Catalyst Partnership. The top-up guarantee agreement was signed between the Commission and the EIB on 16 December 2022 and amended in 2023.

The Commission, the EIB and Breakthrough Energy Catalyst Europe S.à.r.l. ('Catalyst') concluded a memorandum of understanding and exchanged letters regarding this new partnership to boost and scale up investment in innovative decarbonisation technologies that are expected to enable the future net-zero economy and reduce the so-called 'Green Premium' (i.e. the additional cost of choosing a clean technology rather than a mainstream but higher emitting alternative). This new partnership is intended to mobilise direct support of up to EUR 840 000 000 between 2022 and 2026 and to leverage significant additional private funding to build large-scale, commercial demonstration projects for clean technologies – lowering their costs, accelerating their deployment and delivering significant reductions in greenhouse gas emissions in line with the Paris Agreement. More specifically, this partnership will invest in a portfolio of high-impact EU-based projects, in particular in the following priority sectors:

- clean hydrogen;
- sustainable aviation fuels;
- direct air capture;
- long-duration energy storage; and
- decarbonisation of industry

The partnership includes as co-investors (i) Breakthrough Energy Catalyst, which can provide equity and grants to the selected projects; and (ii) EIB, which can provide quasi-equity / venture debt finance (supported by a Innovation Fund top-up InvestEU guarantee) complemented by grants from Horizon Europe.

The Innovation Fund is providing EUR 220 000 000 in total to the partnership. A first tranche of EUR 100 000 000 has already been provided within Financial Decision C(2021) 7404.

Implementation

The action will be implemented under indirect management by the EIB.

5. Administrative expenditure and complementary actions

Legal basis

Article 16(2) of Delegated Regulation (EU) 2019/856.

Amount

EUR 30 000 000.

Description of the activities to be funded

These appropriations are to cover all the costs incurred by the Commission in implementing and promoting the Innovation Fund, in particular in connection with the actions mentioned in points 2, 3 and 4.1.

Commitments must cover costs in particular relating to:

- evaluation of projects by external experts;
- project reviews and checks by external experts;

- IT costs related to the integration of the Innovation Fund into the eGrants system of the Commission and development of the Knowledge Sharing IT system;
- corporate communication, studies, and other relevant public procurement costs;

Implementation

The activities are to be implemented in direct management by the Commission and CINEA.