



Brussels, 26.10.2022
C(2022) 7547 final

ANNEX

ANNEX

to the

COMMISSION DECISION

**on the financing of the activities by the Innovation Fund, serving as the financing
decision for 2022 and as a decision launching the third calls for proposals**

Financing of the activities by the Innovation Fund and setting out modalities for launching the third calls for proposals for the Innovation Fund support

1. Introduction

This Decision sets out the modalities for launching the third call for large-scale proposals in 2022 and for small-scale proposals in 2023 to implement the Innovation Fund established under Article 10a(8) of Directive 2003/87/EC.

On the basis of the rules on the operation of the Innovation Fund laid down in Delegated Regulation (EU) 2019/856, this Decision contains the activities to be financed and the breakdown of the global budgetary envelope of EUR 3 121 000 000 as follows:

- (a) for grants under the call for proposals for large-scale projects implemented under direct management (point 2): EUR 3 000 000 000;
- (b) for grants under the call for proposals for small-scale projects implemented under direct management (point 3): EUR 100 000 000;
- (c) expenditure related to the provision of project development assistance (point 4): EUR 11 000 000, out of which, respectively, EUR 6 000 000 and EUR 5 000 000 shall be reserved for project development assistance to the project proponents under the call for proposals for large-scale projects, and under the call for proposals for small-scale projects. The amounts concerned have already been committed in Commission decision of 2 July 2020¹;
- (d) for other administrative expenditure, including complementary actions under direct management (point 5): EUR 21 000 000.

Legal basis

Article 9 of Delegated Regulation (EU) 2019/856

Budget line

16 03 01: EUR 3 121 000 000

Objectives pursued

Operational objectives of the Innovation Fund are set out in Article 3 of Delegated Regulation (EU) 2019/856.

Expected results

Support projects demonstrating highly innovative technologies, processes or products, that are sufficiently mature and have a significant potential to reduce greenhouse gas emissions.

Offer financial support tailored to market needs and risk profiles of eligible projects, while attracting additional public and private resources.

2. Call for proposals for large-scale projects

Legal basis

¹ Commission Decision of 2.7.2020 on the activities related to the Innovation Fund, serving as a financing decision and as a decision launching the first call for proposals in 2020 (C(2020) 4352 final).

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

Timeline

Q4 2022

Overall estimated amount of the Innovation Fund support available for the call for proposals for large-scale projects

EUR 3 000 000 000 for grants

Types of solicited projects or sectors

The call for proposals for large-scale projects targets projects in sectors listed in Annex I to Directive 2003/87/EC, including environmentally-safe carbon capture and utilisation, products substituting carbon intensive ones produced in sectors listed in that Annex, construction and operation of projects that aim at the environmentally-safe capture and geological storage of CO₂, as well as innovative renewable energy and energy storage technologies. Projects located in the Member States, Iceland and Norway shall be eligible.

The call for proposals covers four topics targetting specific sectors in line with the priorities defined in the REPowerEU Plan:

- (a) general decarbonisation;
- (b) innovative electrification in industry and hydrogen
- (c) clean-tech manufacturing
- (d) mid-sized pilots

The applicants shall apply only under one topic. Applicants wishing to apply for more than one topic, shall submit a separate proposal under the corresponding topic.

Type of applicants targeted by the call for proposals

Legal entities established in the Member States, Iceland and Norway, as well as third countries (provided that the requirements as to the project implementation territory are complied with) whose activities and technologies fall into one of the sectors covered by the Innovation Fund and covered by the topic of the call for proposals to which they apply are eligible to participate.

Maximum possible rate of co-financing of the eligible costs and the form of the Innovation Fund support

In accordance with Article 10a(8), third subparagraph, of Directive 2003/87/EC, the maximum co-financing rate is 60 % of the relevant costs of projects, out of which up to 40 % need not be dependent on verified avoidance of greenhouse gas emissions, provided that pre-determined milestones, taking into account the technology deployed, are attained.

The Innovation Fund support to projects, except for the project development assistance, shall be disbursed as grants in the form of lump sums.

Description of the application procedure and a detailed list of information and documentation to be submitted at the application procedure

Only projects above EUR 7 500 000 of capital expenditure (large-scale projects) shall be eligible for the Innovation Fund grants under the call for proposals for large-scale projects. The grants shall be awarded following a competitive selection process via the call for proposals. A one-phase application procedure shall be established.

The applicants shall submit, within a specific deadline, the application forms using the Union's Electronic Submission Service and shall contain the following documents and information:

- (a) information on the legal status of the applicant;
- (b) description of key project characteristics in line with the requirements laid down in the call for proposals, including the description of the project's (action's) effectiveness in terms of greenhouse gas emission avoidance potential, degree of innovation, project maturity, scalability and cost efficiency as specified in Article 11(1) of the Delegated Regulation (EU) 2019/856 (award criteria);
- (c) information on the sources and amounts of the Union 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 necessary to demonstrate the applicants' operational capacity (the list of documents shall be provided in the call);
- (e) other supporting documents required in the call text, such as a feasibility study, business plan, a knowledge-sharing plan.

Detailed information on the selection procedure, including the methodology for evaluation and ranking

The selection (award) criteria

The projects shall be awarded grants based on the criteria established in Article 11 of Delegated Regulation (EU) 2019/856.

Methodology for evaluation and ranking

The methodology for the selection procedure, evaluation and ranking of projects shall be established in accordance with principles laid down in Article 12a of Delegated Regulation (EU) 2019/856.

European Climate Infrastructure and Environment Executive Agency (CINEA) shall organise the evaluation process. All submitted proposals shall be evaluated by independent external experts against the predefined selection (award) criteria. For that purpose, the external evaluators shall use the qualitative and quantitative indicators that will be set out in the call text.

Proposals that meet the minimum requirements under each criterion, shall be ranked within the topic to which they applied according to the sum of points received under the five award criteria.

For the purpose of ranking at the level of the topic, where projects have an equal number of points, the following rules shall apply:

- (a) if a proposal is located in a Member State, Norway or Iceland with lower number of higher-ranked proposals, it shall be ranked higher than proposals with the same number of total points;
- (b) if the rule referred to in point (a) does not suffice, a proposal that has more points for the criterion degree of innovation shall be ranked higher compared to a proposal with the same total number of points;
- (c) if the rule referred to in point (b) does not suffice, a proposal that received more points under the criterion scalability shall be ranked higher compared to a proposal with the same total number of points.

Proposals with the highest scores shall be invited for the grant preparation provided the budget availability within each topic.

Where budget remains available within a topic after all projects that meet the minimum requirements under each criterion have been selected for award, the budget in the first step may be transferred to the other topics in amounts proportional to the sums of requested Innovation Fund support for the projects that meet all minimum criteria and requirements but cannot be funded due to lack of budget within the topic. Should some budget be left in a topic after the application of the first rule, the residual amounts shall be transferred to the general topic.

A consultation with Member States shall take place regarding the pre-selected proposals before the Commission takes the final award decision, provided the budget availability.

The non-selected projects may be considered for the project development assistance provided that they:

- (a) meet the minimum requirements under greenhouse gas emissions avoidance and thresholds under degree of innovation, scalability and cost-efficiency criteria; and
- (b) are awarded at least 50 % of points under the project maturity criterion;
- (c) are considered by evaluators as having the potential for improving their maturity through specific project development assistance.

CINEA shall communicate the list of projects eligible for the project development assistance to the European Investment Bank (EIB). When drawing the list, CINEA shall prioritize the projects implemented in the Member States with the lowest number of projects awarded.

The EIB shall provide an opinion on a short-list of the projects that could be awarded the project development assistance. A consultation with Member States shall take place regarding the award of the project development assistance before the Commission takes the final decision. The awarded projects shall be invited to sign a project development support agreement with the EIB.

Specific details shall be provided as a part of the call documentation published together with the call for proposals, on the EC corporate Funding and Tender portal: <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home>.

In addition, specific details about the project development assistance procedure are available on the websites of DG CLIMA https://ec.europa.eu/clima/eu-action/funding-climate-action/innovation-fund/project-development-assistance_en and the EIB <https://www.eib.org/en/products/mandates-partnerships/innovation-fund/index.htm>.

Implementation

The grant element of the call for proposals for large-scale projects shall be implemented in direct management by the Commission and the CINEA.

3. Call for proposals for small-scale projects

Legal basis

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

Timeline

Q2 2023

Overall estimated amount of the Innovation Fund support available for the call for proposals for small-scale projects

EUR 100 000 000 for grants

Types of solicited projects or sectors

The call for proposals for small-scale projects targets projects in sectors listed in Annex I to the Directive 2003/87/EC, including environmentally-safe carbon capture and utilisation, products substituting carbon intensive ones produced in sectors listed that Annex, construction and operation of projects that aim at the environmentally-safe capture and geological storage of CO₂, as well as innovative renewable energy and energy storage technologies. Projects located in the Member States, Iceland and Norway shall be eligible.

Type of applicants targeted by the call for proposals for small-scale projects

Legal entities established in the Member States, Iceland and Norway, as well as third countries (provided that the requirements as to the project implementation territory are complied with) whose activities and technologies fall into one of the sectors covered by the Innovation Fund are eligible to participate.

Maximum possible rate of co-financing of the eligible costs and the form of the Innovation Fund support

In accordance with the third subparagraph of Article 10a(8) of Directive 2003/87/EC, the maximum co-financing rate is 60 % of the relevant costs of projects, out of which up to 40 % need not be dependent on verified avoidance of greenhouse gas emissions, provided that pre-determined milestones, taking into account the technology deployed, are attained.

The Innovation Fund support to projects, except for the project development assistance, shall be disbursed as grants in the form of lump sums.

Description of the application procedure and a detailed list of information and documentation to be submitted during the application procedure

Only projects between EUR 2 500 000 and EUR 7 500 000 of capital expenditure (small-scale projects) shall be eligible for the Innovation Fund grants under the call for proposals for small-scale projects. The grants shall be awarded following a competitive selection process via the call for proposals. A one-stage application procedure shall be established.

During the application procedure, applicants shall submit, within a specific deadline, the application forms using the Union's Electronic Submission Service and in particular shall include the following documents and information:

- (a) information on the legal status of the applicant;
- (b) a detailed description of project characteristics in line with the requirements laid down in the call for proposals, including the description of the project's (action's) effectiveness in terms of greenhouse gas emission avoidance potential, degree of innovation, project maturity, scalability, and cost efficiency as specified in Article 11(1) of the Delegated Regulation (EU) 2019/856 (award criteria);
- (c) information on the sources and amounts of the Union 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 necessary to demonstrate the applicants' operational capacities (concrete list of documents shall be provided in the call).
- (e) other supporting documents, such a feasibility study, a business plan, required in the call for proposals.

Detailed information on the selection procedure, including the methodology for evaluation and ranking

The selection (award) criteria

The projects shall be awarded grants based on the criteria established in Article 11(1) of Delegated Regulation (EU) 2019/856.

Methodology for evaluation and ranking

A specific methodology for the selection procedure, evaluation and ranking of small-scale projects shall be applied in accordance with Article 12b of Delegated Regulation (EU) 2019/856.

CINEA shall organise the evaluation process. All submitted proposals shall be evaluated by independent external experts against the predefined selection (award) criteria. For that purpose, the external evaluators shall use the qualitative and quantitative indicators that will be set out in the call text.

Proposals that meet the minimum requirements under each criterion, shall be ranked according to the sum of points received under the five award criteria.

For the purpose of ranking, where proposals have an equal number of points, the following rules shall apply:

- (a) if a proposal is located in an EU Member State, Norway or Iceland with lower number of higher-ranked proposals, it shall be ranked higher than proposals with the same number of total points;
- (b) if the rule referred to in point (a) does not suffice and if the proposals are from different specified sectors as defined in Appendix 1 of the GHG emissions avoidance methodology, then the proposal with the higher ranking in its specified sector shall be ranked higher. For the purpose of that rule, a ranking list is established for each specified sector based on the total number of points under all award criteria;
- (c) if the rule referred to in point (b) does not suffice, a proposal that has more points for the criterion degree of innovation shall be ranked higher compared to a proposal with the same total number of points;
- (d) if the rule referred to in point (c) does not suffice, a proposal that received more points under the criterion scalability shall be ranked higher compared to a proposal with the same total number of points.

Proposals with the highest scores shall be invited for the grant preparation provided the budget availability. A consultation with the Member States shall take place regarding the pre-selected proposals before the Commission takes the final award decision, provided the budget availability.

Of the projects that are not invited for the grant preparation, the projects may be considered for the project development assistance provided that they:

- (a) meet the minimum requirements under greenhouse gas emissions avoidance and thresholds under degree of innovation, scalability and cost-efficiency criteria; and
- (b) are awarded at least 50 % of points under the project maturity criterion;
- (c) are considered by evaluators as having the potential for improving their maturity through specific project development assistance.

CINEA shall communicate the list of projects eligible for the project development assistance

to the European Investment Bank (EIB). When drawing the list, CINEA shall prioritize the projects implemented in the Member States with the lowest number of projects awarded. The EIB shall provide an opinion on a short-list of the projects that could be awarded the project development assistance. The Commission shall consult the Member States regarding the award of the project development assistance before taking the final decision. The awarded proposals shall be invited to sign a project development support agreement with the EIB.

Specific details shall be provided as a part of the call documentation published together with the call for proposals, on the EC corporate Funding and Tender portal: <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home>.

In addition, specific details about the project development assistance procedure are available on the websites of DG CLIMA https://ec.europa.eu/clima/eu-action/funding-climate-action/innovation-fund/project-development-assistance_en and the EIB <https://www.eib.org/en/products/mandates-partnerships/innovation-fund/index.htm>.

Implementation

The grant element of the call for proposals for small-scale projects shall be implemented in direct management by the Commission and the CINEA.

4. Actions implemented in indirect management

Project development assistance (PDA)

Legal basis

Article 13 of Delegated Regulation (EU) 2019/856

Description of the activities to be funded

The financial and technical experts of the EIB shall provide extensive and specific technical and financial support to the projects selected for project development assistance with a view to improving the projects' maturity.

The EIB shall provide support depending on the project's needs. The support may take any of the following forms:

- (a) analysis of the market context for the project and carrying out of related studies;
- (b) critical assessment of the overall project's technical feasibility and financial viability including advice on the business plan and financial plan;
- (c) revision of the resource assessment of renewable energy sources, energy yield assessment and associated carbon footprint;
- (d) revision of project contracts and advice on technical adequacy, consistency among the contracts and their suitability to achieve the project's cash flow projections;
- (e) revision and advice on power purchase agreements and other contracts such as the project concession and grid connection agreement;
- (f) revision and advice on reasonableness and adequacy of parameters of the financial model sensitivity scenarios, including technical data inputs and calculations for accuracy, reasonableness and consistency with projection of energy production, project contracts and permits;
- (g) revision and advice on the adequacy of the working capital, estimated operating budget for the project, and other relevant technical aspects that should be considered in the financial model;
- (h) revision and advice on licenses, construction and environmental permits for the project to ensure that the legislative and regulatory requirements for construction and operation and maintenance of the projects are met;
- (i) revision of the project's compliance with national environmental performance requirements, including compensation measures and their potential impact on the project;
- (j) bankability assessment, advice on other potential public or private sources of financing and advice on measures to improve the attractiveness of the project to potential funders;
- (k) identification of the key gaps in the project documentation, and provision of recommendations to address these gaps;
- (l) advice on the development or improvement of the project implementation plan;
- (m) advice on technical and engineering aspects of the project, including project costs, technical options, and the selected technology;
- (n) advice on procurement strategy and planning;
- (o) advice on tender documents, procurement, project implementation and engineering supervision;
- (p) identification of Member State financing measures that should be notified to the Commission in view of getting state aid clearance.

Implementation

The EIB shall implement the PDA in accordance with the Contribution Agreement signed on 15 April 2021 between the Commission and the EIB

5. Other administrative expenditure, including complementary actions under direct management

Legal basis

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

Description of the activities to be funded

- (a) Evaluation of projects by external experts during the application procedure;
- (b) IT costs related to the on-boarding of the Innovation Fund to the eGrants system of the Commission;
- (c) Communication, studies and other relevant public procurement costs;
- (d) Fees for monetisation and asset management.
- (e) Technical assistance for the Member States

Implementation

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