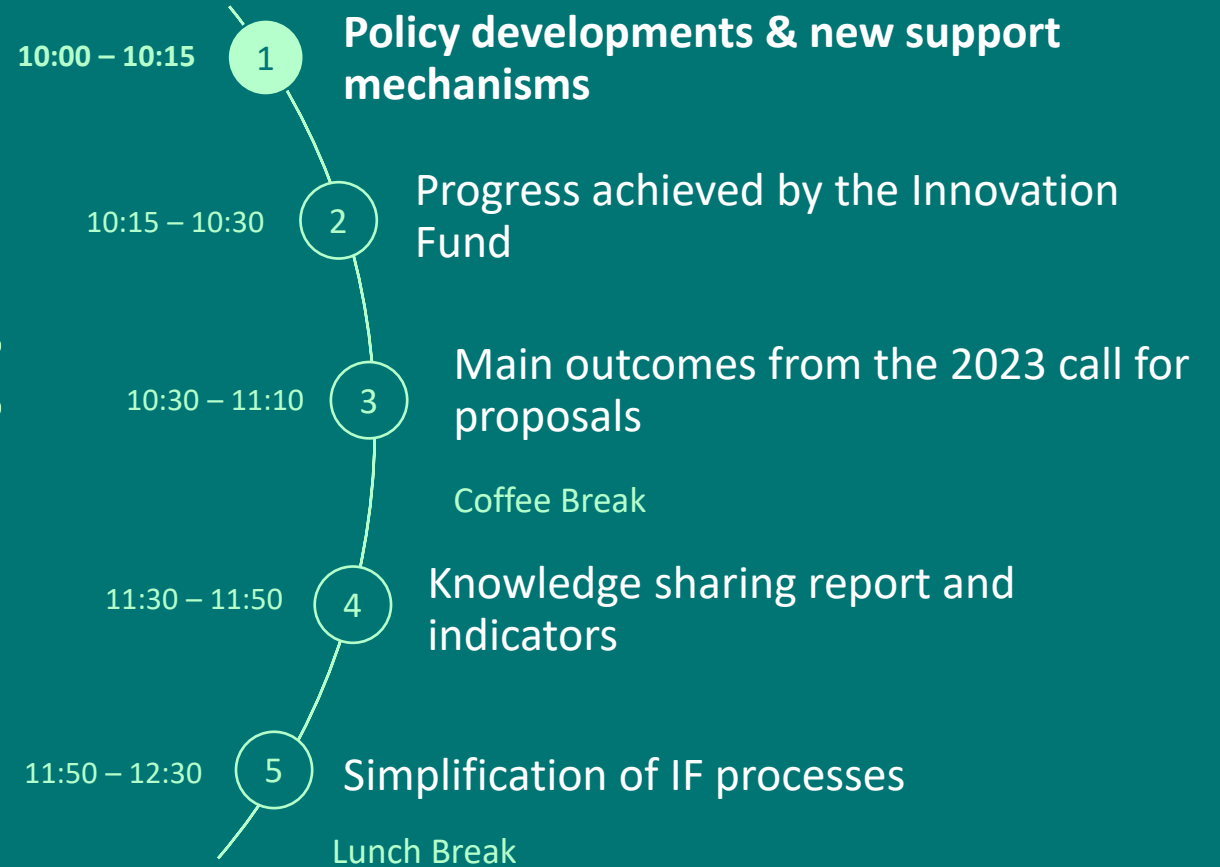


Policy developments & new support mechanisms





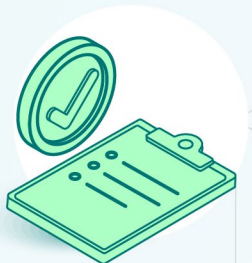
INNOVATION FUND

Deploying innovative net-zero technologies for climate neutrality

Funded by the EU Emissions Trading System



€40 billion* available between 2020-2030

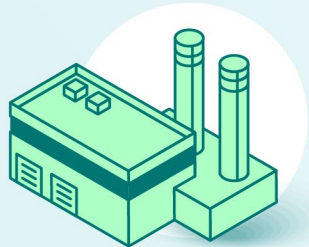


grants awarded through regular calls and auctions



avoid GHG emissions, boost competitiveness

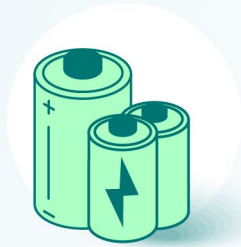
supporting innovation in:



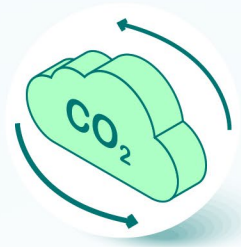
Energy-intensive industries



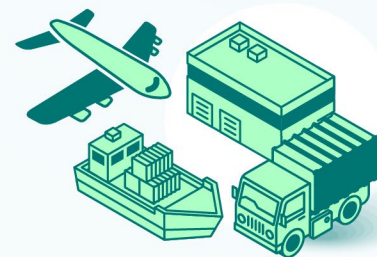
Renewable energy



Energy storage



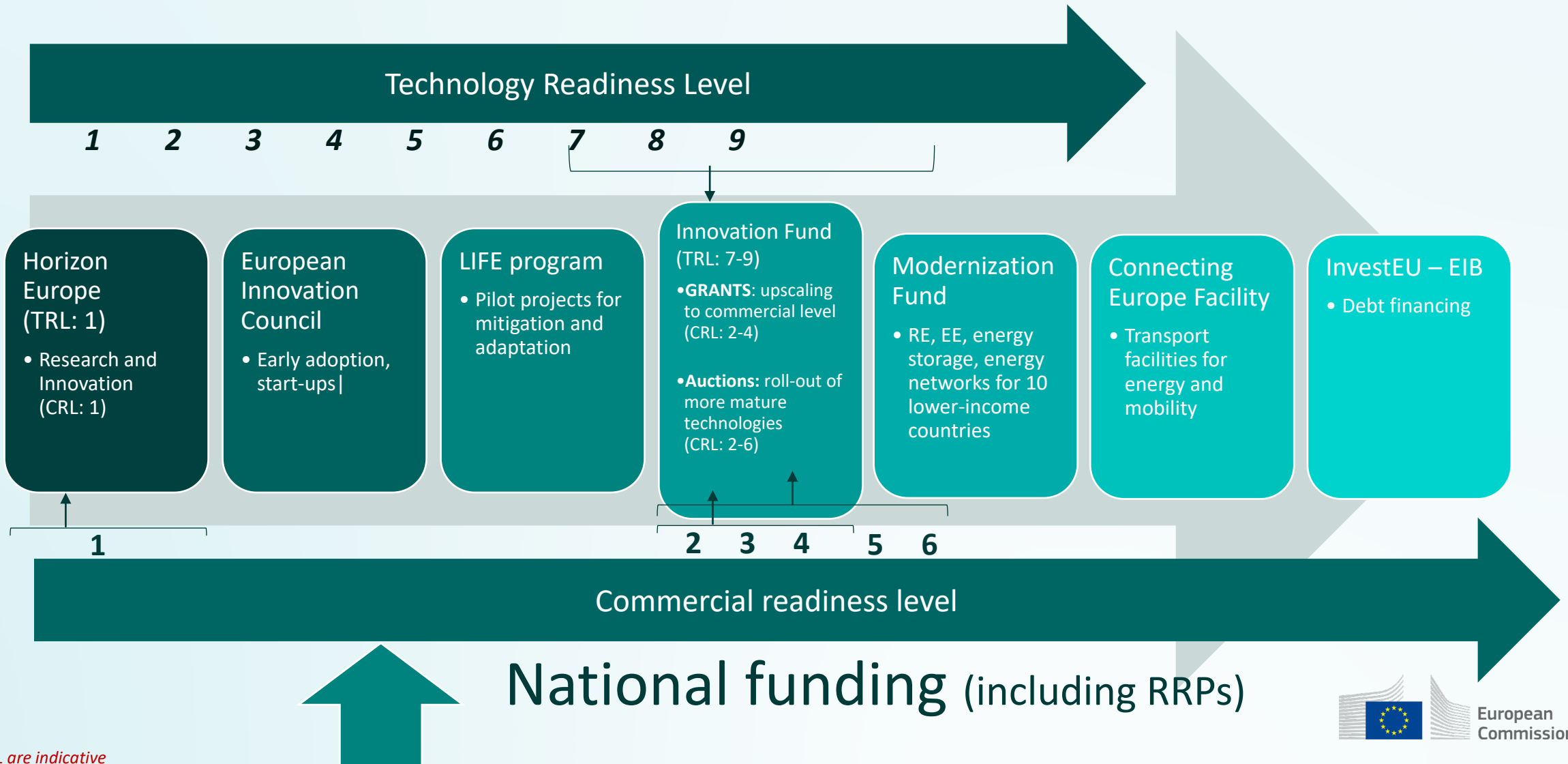
Carbon capture, use and storage



Net-zero mobility and buildings

*based on a carbon price of €75/tonne

Innovation Fund – targeted project portfolio



The Innovation Fund can support urgent policy priorities, but holds a long-term line of bottom-up support across sectors



- **European Hydrogen Bank:** domestic auctions for renewable hydrogen under the Innovation Fund.
- **Net-Zero Industry Act:** clean tech manufacturing topic (€700 million in 2022, €1.4 billion in 2023).
- **Wind package:** clean tech manufacturing topic and project development assistance.
- **Strategic Technologies for Europe Platform (STEP):** STEP Seal for Innovation Fund projects.
- **Industrial Carbon Management (ICM) Strategy:** support for CCUS deployments since 2020.

The IF aims at supporting battery manufacturing in Europe (EUR 3 billion over 3 years)

Following [announcement from EVP Šefčovič](#), on **25 April 2024**, the Commission organized a stakeholder consultation about three possible options to support battery manufacturing in Europe with the Innovation Fund:

1. Use of the “**regular**” grants (e.g. a dedicated topic in a call for proposals);
2. Use of **competitive bidding procedures/auctions** (e.g. to provide support through a fixed premium);
3. **Combination of IF grant with European Investment Bank lending**, either combining grants and loans through a joint facility, or providing guarantee mechanisms to facilitate lending (e.g. InvestEU top-up for venture debt).

Stakeholders prioritised quick implementation and simplicity as key features for the new instrument. They emphasised the importance of fast disbursement (already ahead of the Entry into Operation), and possibility of combination with other public support.

Challenge

Input stakeholders



Project pipeline analysis



Innovation Fund Expert Group



Policy priorities



IF24Calls

Decisions related to:

- Description and budget for the **IF24 calls**
- Description of the budget for the **IF24 auction**

Objectives of the event

INFORM



- Maximum budget: **EUR 4.8 bn for grants and auction**
- Policy priorities & project pipeline
- Initiatives: KS IT tool, simplification, etc

COLLECT INPUT



- Confirm project pipeline for different sectors
- Newest innovative technologies
- Feedback on proposed approaches

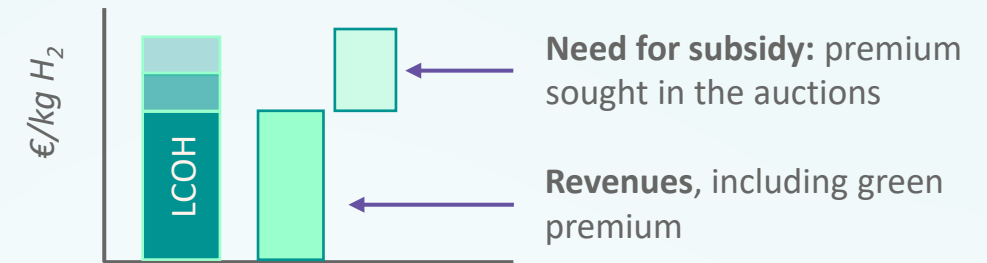
Competitive bidding (auctions)

Maria Velkova, DG CLIMA, Deputy Head of Unit - C.2 - Low Carbon Solutions
(II): Research & Low Carbon Technology Deployment

Overview of the pilot IF23 Auction

- Budget: **EUR 800 M**
- Auctioned good: **RFNBO hydrogen**
- Support in form of a **fixed premium** in €/kg of renewable hydrogen **produced** over **10 years**
- Bids **ranked on price** – budget allocated to projects with the lowest specific support requirements.
- **Pay-as-bid** (no indexation to inflation)
- **Output based support**, upon verified and certified production of RFNBO volumes (no payments before entry into operation)
- **Semi-annual** payments
- **Auctions-as-a-Service**: Germany's additional budget of EUR 350 M

Fixed-premium auction

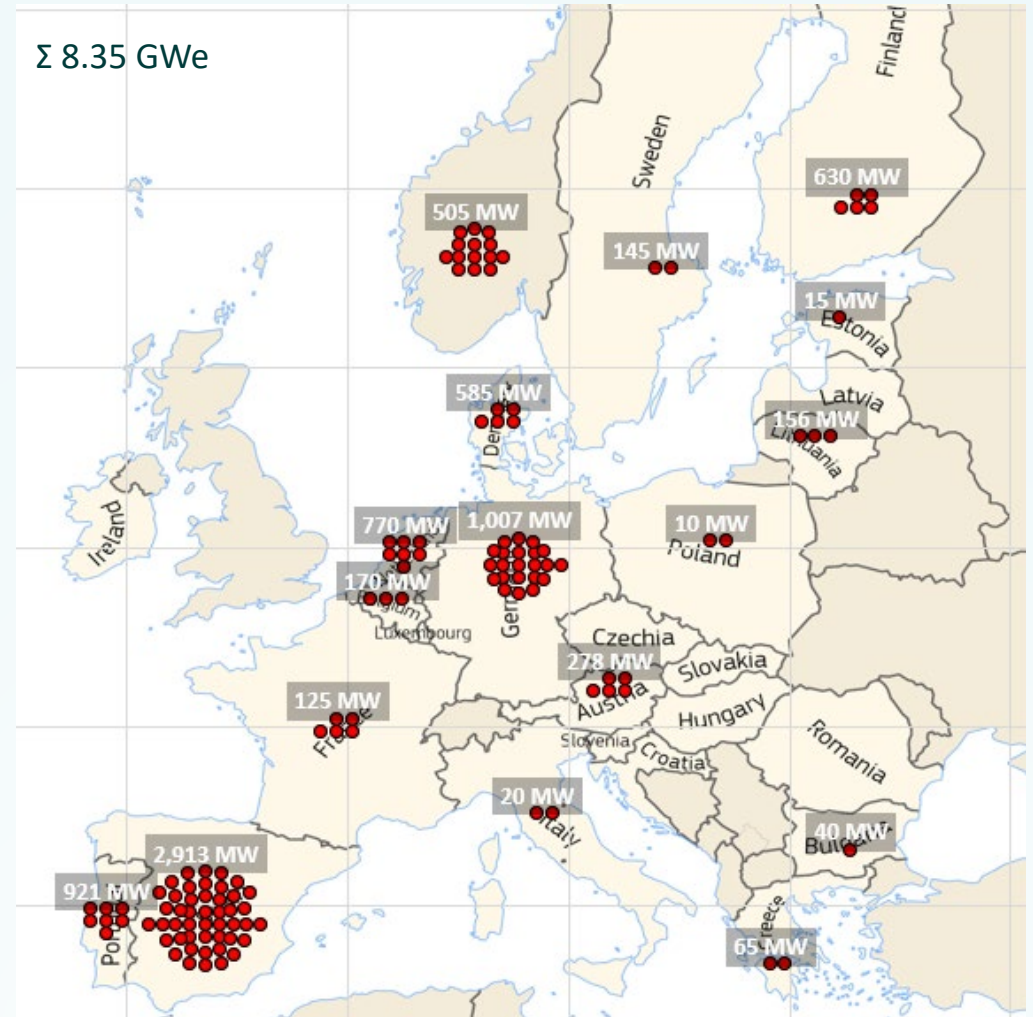


Bids ranked on price only



The first pilot auction was a success with high levels of participation and competition

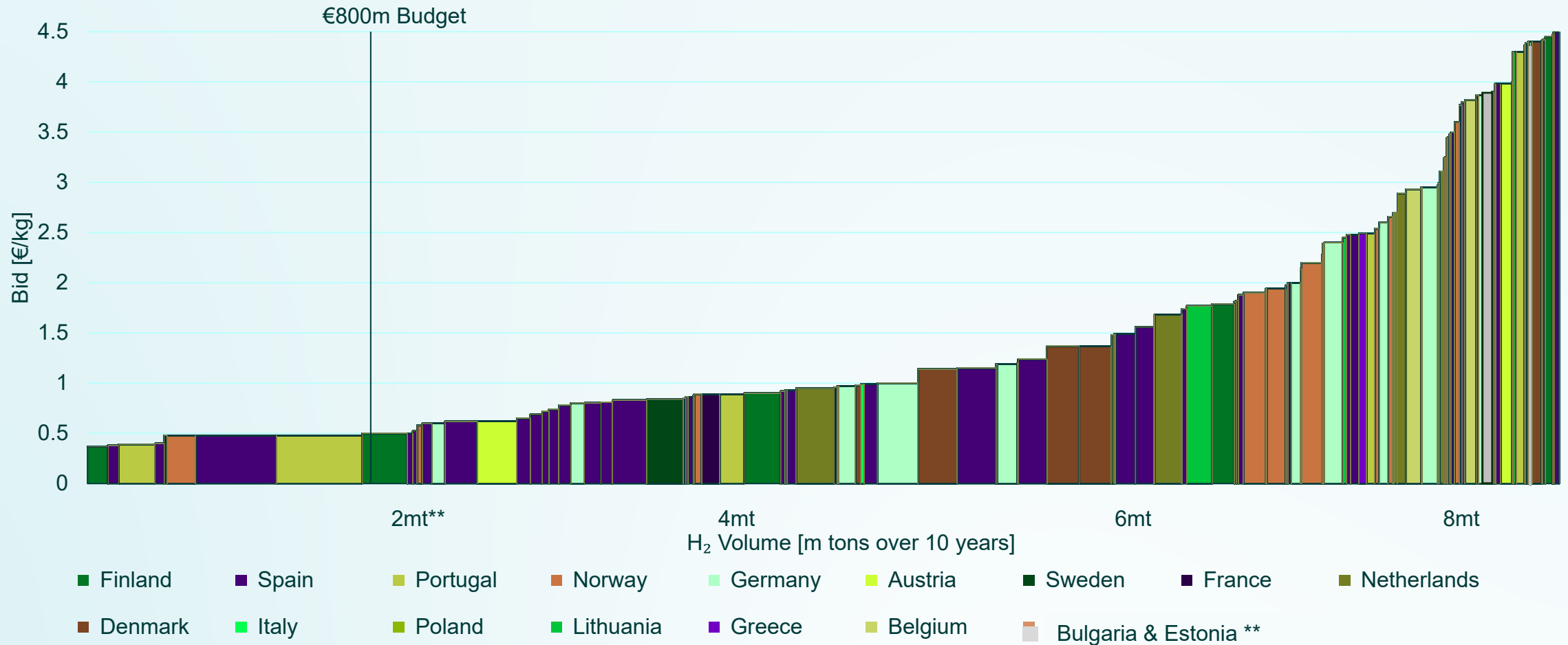
- **132*** bids from 17 different EEA countries
- Only 13 projects failed admissibility and eligibility criteria
- **Seven bids selected**** requesting a total grant amount of **EUR 720 million**
- Selected bids between **EUR 0.37** and **EUR 0.48 / kg of H₂**.



* Graphs and analyses on all following charts refer to data from 130 bids, excluding a bid submitted above the ceiling price of 4.5EUR, and a bid with significant data gaps and incomplete application documents.

** Selected bidders will start the grant agreement process with CINEA and sign upon completion.

Budget oversubscribed 15x. Bids are well distributed in size and price, resulting in a continuous bid curve



* Bid curve includes 130 bids (i.e. including 13 bids found inadmissible or ineligible, as well as bids not passing or not being evaluated on qualification criteria due to cascade approach – see call text).

** Estonia and Bulgaria aggregated for anonymisation reasons, as only 1 bid per country was received.

IF23 Auction objectives have been fulfilled

Putting Europe's net-zero industry in the lead:



Reducing the cost gap between renewable and fossil hydrogen in the EU

Fixed premium support of up to EUR 0.48 /kg of renewable H₂



Allowing for **price discovery** and renewable hydrogen **market formation**

Price information shared on selected bids and anonymized European bid curve



De-risking European hydrogen projects

EUR 720 M budget in grant support to renewable H₂ producers



Reducing administrative burden

Simplified application process and results provided in less than 3 months

'As-a-Service' feature

Auction-as-a-Service – What is it?

- EEA countries can use the IF competition to **allocate *additional, national funds* to national projects**
 - First test: Germany's additional budget of EUR 350 million.
- The scheme is by design 'State aid' CEEAG compatible:
 - Notification facilitated with the help of Commission templates
 - *Note: no adjustments for fast State aid clearance*
- **Avoid unnecessary administrative burdens** of developing and running new support schemes
- **Streamline renewable hydrogen funding across the EEA.**
- For the second round of Auctions (IF24 2024), **MS interested in participating in the scheme should inform the Commission as soon as possible, ideally before the end of July 2024.**

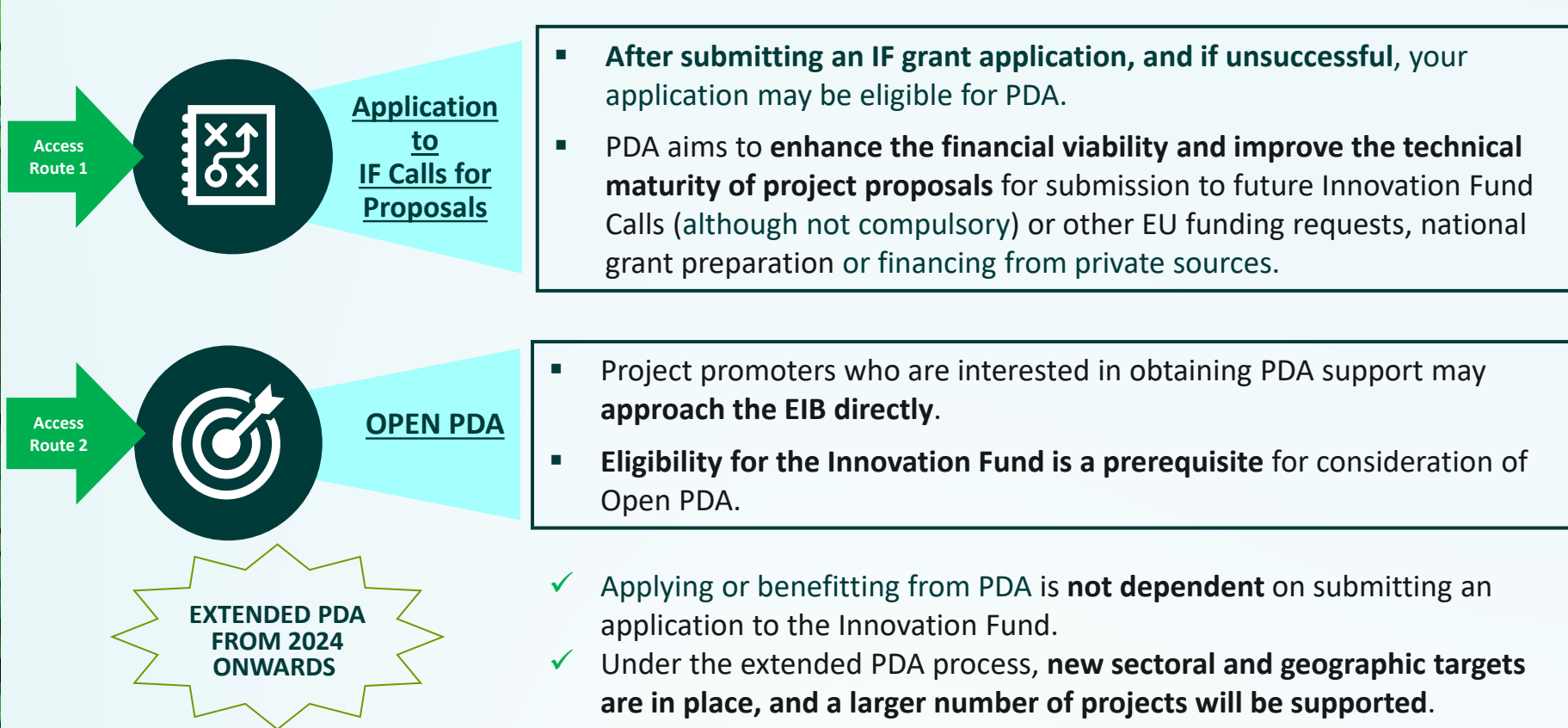
What is next: Grants-as-a-Service

- Drawing from Auction-as-a-service, **Grant-as-a-service mechanism under development.**
 - MS would be able to **grant state aid** for decarbonisation projects selected under Innovation Fund “regular” calls, benefiting from faster State aid clearance **subject to certain conditions.**
 - While an auction focuses on one precisely-defined auction good (e.g. RFNBO hydrogen), Grant-as-a-service could cater to a **variety of decarbonisation projects** awarded via “regular” calls.
- “Regular” grant calls for proposals are now **better aligned with the State aid guidelines**
 - In the IF’23 call: “start of works” requirement, more stringent Cost Efficiency thresholds, minimum requirement on relative GHG emission avoidance.
- There is a **large pool of decarbonisation projects** that could benefit from national schemes.
 - For topping up the IF grant subject to cumulation rules **or**
 - For awarding support to additional projects once the IF budget is exhausted.
- We would like to discuss the **interest of MS in such schemes** – 27 June closed door MS meeting.

Project Development Assistance

Innovation Fund PDA

EIB financial and technical experts provide Project Development Assistance (PDA) to Innovation Fund eligible projects



More information on EIB webpage:



[Innovation Fund - Project Development Assistance \(eib.org\)](#)

Contact EIB directly at:
ifpda@eib.org

PDA examples from first IF cycles

Independent reviews

- **Technology assessment:** verification of key technical parameters of the project
- **CAPEX & OPEX** review
- **Market analysis** review
- Pilot project review and scale-up risk assessment

Additional studies

- Business case modelling
- Market research
- Life Cycle Assessment (LCA)

Financial modelling

- Review of the existing financial model
- Development of a **bank-standard** financial model

Other Financial Advisory

- Business Plan assessment
- Corporate strategy guidance
- Advice on fundraising strategy
- Support with equity pitch documentation