

## **Questions and Answers:**

### **Launch of the Innovation Fund 2024 Net-Zero Technologies and Battery Calls**

#### **What kind of projects will be covered under the Net-zero and Battery Calls?**

The Net-Zero Call (IF24 Call) offers €2.4 billion in grants and is aimed at projects that have a significant potential to reduce greenhouse gas emissions across different industrial sectors of the economy.

Innovative projects can be proposed in energy-intensive industries, renewable energy, energy storage, industrial carbon management, net-zero mobility (including maritime, aviation and road transport) and buildings.

Interested applicants should take into consideration the five topics when applying: 3 general decarbonisation topics differentiated by project size: large-scale (CAPEX above €100 million), medium-scale (CAPEX between €20 million and €100 million) and small-scale (CAPEX between €2.5 million and €20 million) a clean-tech manufacturing topic; and pilot project topic.

Clean-tech manufacturing projects can include the manufacturing of components for renewable energy, energy storage (except the electric vehicles battery cell manufacturing that has the dedicated call), heat pumps and hydrogen production. Pilot projects can include highly innovative projects focused on deep decarbonisation of sectors listed in Annex I and III to the [EU ETS Directive 2003/87](#), including carbon capture and utilisation, and products substituting carbon-intensive ones produced in sectors listed in Annex I to the Directive.

The Battery Call (IF24 Battery) offers €1 billion in grants for projects that will manufacture battery cells that can be used in electric vehicles. This dedicated call aims to incentivise the production of the most sustainable battery cells in Europe and increase the resilience of their European value chains. It will contribute to the decarbonisation of transport and help meet the increasing demand for electric vehicles by supporting projects demonstrating innovative technologies, processes or products that are sufficiently mature and have a significant potential to reduce greenhouse gas emissions.

#### **How do these Innovation Fund calls contribute to the EU's policy objectives?**

The Innovation Fund uses revenues generated by the EU Emissions Trading System (ETS) to invest in economic sectors that are key to Europe's green transition. The EU ETS is at the heart of Europe's climate policies, driving down emissions in an economically efficient way. The use of such revenues via the Innovation Fund supports the EU's goal to make EU industry more competitive on the global stage, allowing the clean transition to be underpinned by a strong industrial basis and clean technology leadership.

The [Innovation Fund](#) supports the achievement of the [REPowerEU Plan](#) to phase out Europe's dependency on Russian fossil fuels. It is also instrumental to achieve the objectives of the [Net-Zero](#)

**Industry Act**, providing funding for a low- and net-zero-carbon projects, helping to bridge the cost gap between conventional and clean energy industries and accelerating the demonstration and deployment of innovative clean solutions in Europe.

In particular, the “Clean-tech manufacturing” topic under the Net Zero Technologies call is aimed at manufacturing equipment and components for renewable energy, energy storage, heat pumps and hydrogen production, with budget of €700 million. In addition, there is a dedicated call for the manufacturing of electric vehicles battery cells with a budget of €1 billion that highlights the EU’s commitment to boosting next to innovation the resilience of strategic value chains and ensuring that the transition to a cleaner transport sector is underpinned by a competitive industrial basis. Combined, this is the biggest ever contribution of the Innovation Fund to clean-tech manufacturing projects, in line with the Commission’s objective to ensure that the EU moves towards a sustainable and competitive economy.

Furthermore, the financial support to Industrial Carbon Management projects under the General topics (for small, medium and large projects) is key to achieve the target of reaching 50 million tonnes per year of operational CO<sub>2</sub> storage injection capacity by 2030, as established by the Net-Zero Industry Act (NZIA).

### **How does the new “Grants-as-a-Service” scheme work?**

For the first time under the Innovation Fund call for proposals, it will be possible under the Net-Zero Call (IF24 Call) for Member States to complement the Innovation Fund Call with national funding schemes.—This so-called ‘Grants-as-a-Service’ feature allows Member States to benefit from the Innovation Fund's evaluation process to identify and support promising projects on their territory that were not selected for funding. Participation is voluntary on behalf of the Member States, is considered State aid and therefore has to be approved by the Commission.

Thanks to close alignment between the evaluation under the Innovation Fund and State aid assessment, the approval of the Commission can be streamlined and accelerated provided Member States fulfil the required conditions. Project developers must express their interest in using the ‘Grants-as-a-Service’ in their application to the Innovation Fund to be eligible for selection under this scheme. Interested Member States must get in touch with the Commission.

### **Why is there a call dedicated to batteries?**

A dedicated battery call under the Innovation Fund follows the announcement made last year to bolster the EU's battery manufacturing industry by allocating up to €3 billion in support via the Innovation Fund . The goal is to incentivise investment in the EU's battery manufacturing capacity, which is essential for the green transition, and reducing reliance on foreign suppliers for this key strategic technology, in line with the objectives of the Net-Zero Industry Act. This call will help bolster the EU's electric vehicle battery manufacturing capacity, making our value chains more resilient, while helping

to decarbonise the transport sector and ultimately supporting the EU in reaching its climate neutrality goals. The selected projects will contribute to several EU policy initiatives, including the Green Deal Industrial Plan and the new Industrial Strategy for Europe.

By supporting innovative technologies, processes and products with significant potential greenhouse gas emissions reduction, the call aligns with the Circular Economy Action Plan, the Sustainable and Smart Mobility Strategy, and the revised CO2 emission performance standards for vehicles. Furthermore, this call aligns with the Battery Regulation which promotes a comprehensive approach to creating a more competitive and sustainable electric vehicle battery manufacturing industry in Europe.

### **How will the Battery Call and Net Zero Technologies Call boost the resilience and competitiveness of European companies?**

To better align the Innovation Fund calls with the goals of the Net-Zero Industry Act, the relevant award criteria have now been strengthened, showing the Commission's commitment drive decarbonisation while building resilient value chains. Both in the Batteries Call and in the Net Zero Technologies Call, projects are required to demonstrate their contribution to EU industrial leadership and competitiveness. For example, projects can score points by contributing to creation of new industrial ecosystems or to the development of energy infrastructure in the EU. Other examples can be the development of new technology or intellectual property rights in Europe, cooperation with universities in the European Economic Area, trainings and other actions to develop know-how in Europe during the project's operation.

Both calls include resilience award criteria, building on the criteria already present in the 2023 Innovation Fund Net-Zero technologies Call (IF23 Call). For the 2024 Net Zero Technologies Call (IF24 Call), projects' potential to increase resilience and due diligence across the supply chain will also be taken into account as part of the assessment. For this last aspect, the selection will also take into account whether a project can reduce the sourcing of critical raw materials or components from countries on which the EU has dependency (for example, photovoltaic panels and their components sourcing from China).

For the Battery Call (IF24 Battery), resilience criteria are more focused on supporting the European battery ecosystem, looking at suppliers of components as well as of machinery/manufacturing equipment. It will also address the risk of building dependency specifically on China for cathodes and anodes active material and the risks this can pose to security of supply. Under the new and additional "Security of supply and countering dependency" award criterion, less sourcing of cathodes and anodes and active material from China will lead to higher scores. This approach, which ultimately aims to avoid increased and irreversible dependency of the EU on imports of those strategic battery components, mirrors the approach taken for the electrolyser sourcing that feature in the second auction under the European Hydrogen Bank via the Innovation Fund.

Apart from the award criteria, the Battery Call also features the requirement that new patents originating from the project, during the project's duration, must be registered in an EU Member State or EEA country.

### **How does the IF24 Battery Call ensure that support is only provided to sustainable projects?**

In all Innovation Fund calls for proposals (excluding the auctions), the potential to abate GHG emissions is one of the five award criteria. The IF24 Battery Call will take into account both emissions reduction from the use phase, as in previous calls, as well as emissions from manufacturing as part of a new award criterion, that is in line with the approach of the Battery Regulation. The less projects can emit during the manufacturing phase, the better they will score. As the carbon footprint of manufacturing becomes increasingly important for vehicle manufacturers and the users, the projects with the best performance will be in the pole position to compete on this aspect on the European and global markets.

### **Will the STEP (Strategic Technologies for Europe Platform) Seal be applied to projects that apply to the IF24 Call and the IF24 Battery Call?**

The [STEP Seal](#) is the EU's new quality label and is awarded to high-quality projects submitted under STEP-relevant calls for proposals, which includes the Innovation Fund. The purpose of the STEP Seal is to help excellent projects attract public and private funding by certifying their quality and contribution to the STEP objectives. The Commission will award the Seal to project proposals that pass the evaluation and meet all criteria in relevant calls, helping both projects that receive funding and projects that do not secure funding due to lack of sufficient budget.

In the last Innovation Fund call ([IF23 Call](#)) all 149 projects that scored above all Innovation Fund evaluation thresholds (including 64 projects not supported by the Innovation Fund) were awarded a STEP Seal. No separate application is required to obtain the STEP Seal. A project applying to the Innovation Fund automatically is considered for the Seal and will receive it if it passes the evaluation of the respective call. Projects awarded the STEP Seal will receive a certificate and a leaflet to explain what can be expected and are listed on the [STEP Portal](#), upon agreement with the project promoters of non-funded projects.

### **Is there a pre-allocation of funding per Member State or other measures aiming at geographical balance for these calls?**

The Innovation Fund allocates its resources through competitive calls for proposals, applying the main award criteria described in the recently adopted [Delegated Regulation](#) for the operation of the Innovation Fund, the Financing Decision and previous call texts. These criteria are: the degree of innovation, greenhouse gas emission avoidance potential, project maturity, replicability and cost efficiency. Additional award criteria can be established as is the case for the new “security of supply and countering dependency” and “manufacturing carbon footprint reduction” award criteria of the Batteries call. The projects are selected based on the highest scores across all award criteria. The

projects that score the highest in the evaluation process in each category are selected within the available budget, irrespective of the sector or location.

The Innovation Fund's legal basis allows for the application of specific criteria to ensure geographical balance. However, as projects supported under the Innovation Fund are currently located in 26 Member States and their geographical distribution is becoming increasingly widespread, applying specific geographic criteria is not deemed necessary at this stage.

To stimulate this broader geographical balance, there are already major initiatives in place to support Member States in their efforts to develop a high-quality national innovative project pipeline:

- The [revision of the EU ETS Directive](#) introduced 'Technical Assistance for Member States with low effective participation' – aiming to increase the overall quality of the Innovation Fund applications.
- The [Technical Support Instrument \(TSI\)](#) Training sessions for Member States National Contact Points, outreach and communication.
- The new Contribution Agreement with the European Investment Bank on project development assistance will include geographical and sectoral balance Key Performance Indicators (KPIs).

### **When can these innovative projects be expected to reach the market?**

Project promoters have until 23 April, 17:00 (CET), to apply via the EU [Funding and Tenders Portal](#). Applicants will be informed about evaluation results in the fourth quarter of 2025. Successful applicants will sign grant agreements in the first quarter of 2026.

The selected projects must reach financial close within four years after the grant signature Pilot and clean-tech manufacturing projects are encouraged to achieve financial close within two years and entry into operation within four years after grant agreement signature.