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ANNEX

ANNEX

to the

COMMISSION DECISION

**on the financing of actions under the Innovation Fund, serving as the financing decision
for 2023 and as a decision launching calls for proposals**

Annex to the Commission Decision on the financing of actions under the Innovation Fund, serving as the financing decision for 2023 and as a decision launching calls for proposals

1. Introduction

This Annex contains the actions to be financed by the Innovation Fund in 2023. The Union contribution for 2023 is broken down as follows:

- a) for grants implemented under direct management (point 2): EUR 4 800 000 000;
- b) for the project development assistance implemented under indirect management (point 3): EUR 90 000 000.
- c) for other actions or expenditure (point 4): EUR 30 000 000.

Legal basis

Delegated Regulation (EU) 2019/856

Budget line

16 03 01: EUR 4 920 000 000

Objectives pursued and expected results

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

The appropriations laid down in this Decision are meant to:

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

Provide support projects that are sufficiently mature, have a significant potential to reduce greenhouse gas emissions and are aimed at scaling up innovative technologies, processes or products to achieve their broad commercial roll-out across the EU.

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

Cover all the expenditures incurred by the European Commission to implement and increase the performance of the Innovation Fund.

Climate and biodiversity mainstreaming

The Innovation Fund is a key funding instrument for delivering the EU's economy-wide commitments under the Paris Agreement and its objective to be climate neutral by 2050, as recognised in the European Green Deal Investment Plan. The Innovation Fund focuses on highly innovative technologies and big flagship projects within Europe that can bring on significant emission reductions. As such, the Innovation Fund's contribution towards climate objectives is considered substantial and marked as 100% according to the EU methodology.

The fund is not part of the MFF and will not be tracked for the scope of the 30% climate target.

2. Grants

The global budgetary envelope reserved for grants under this work programme is EUR 4 800 000 000.

2.1. Call for proposals for small-, medium- and large-scale projects

Legal basis

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

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

EUR 4 000 000 000

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 are eligible to at least one topic of the call for proposals.

Description of the activities to be funded under the call for proposals, as well as of the objectives pursued and the 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 cover five topics:

- a) general decarbonisation small-scale projects (projects with capital expenditure from 2 500 000 and not exceeding 20 000 000);
- b) general decarbonisation medium-scale projects (projects with capital expenditure from EUR 20 000 000 and not exceeding EUR 100 000 000);
- c) general decarbonisation large-scale 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 shall submit separate proposals under the corresponding topics.

Description of the application procedure

A one-stage 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;
- 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' financial and operational capacity;
- e) other supporting documents required in the call text, such as a feasibility study, business plan, a knowledge-sharing plan (except for small-scale projects).

Information on the selection procedure

The award criteria

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

Proposals that meet the minimum requirements under each criterion shall be ranked within the topic to which they applied.

When applicants in the same topic obtain the same score, the following rules will apply to break the tie:

- a) The proposal to be implemented in the country with the least number of higher ranked proposals should be preferred;
- b) If the rule set out in point (a) is not sufficient to break the tie and one of the two projects falls in the maritime sector, the project in the maritime sector should be preferred;
- c) If the rules set out in point (a) and (b) are not sufficient to break the tie and one of the two projects falls in the wind energy sector, the project in the wind energy sector should be preferred;
- d) If the rule set out in point (c) is not sufficient to break the tie and if the if the proposals are from different sectors (see Guidance on the GHG emission avoidance methodology), further prioritisation will be done by considering their ranking (based on the total number of points under all award criteria) within their respective sectors.

- e) If the rule set out in point (d) is not sufficient to break the tie, the proposal with the highest score for degree of innovation should be preferred;
- f) If the rule set out in point (e) is not sufficient to break the tie, the proposal with the highest score for replicability should be preferred.

Proposals with the highest scores shall be invited for the grant preparation provided the budget availability within each 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 fulfil the conditions set in section 3.

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>.

Implementation

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

- 2.2. Call for proposals for the 2023 competitive bidding procedure under the Innovation Fund

Legal basis

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

Overall estimated amount of the Innovation Fund support available for the call for proposals
EUR 800 000 000

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 of the objectives pursued and the expected results

The objective of this call is to cost-efficiently support the new production of renewable fuel of non-biological origin (RFNBO) hydrogen as defined in the Renewable Energy Directive 2018/2021 and its Delegated Acts, in support of the 2030 targets for renewable hydrogen established in the REPowerEU Plan and reiterated in the Green Deal Industrial Plan and the European Hydrogen Bank Communication.

Design of the competitive bidding procedure

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

A maximum volume per bid will apply: the grant amount for each bid may not exceed one-third of the total available budget established for the auctioned topic (i.e., one-third of EUR 800 million or EUR 266,7 million).

A maximum bid price will apply: the bid amount may not exceed the ceiling of EUR 4.5 / kg of RFNBO hydrogen.

The support will be granted for a maximum period of 10 years after the project has entered into operation.

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

Description of the competitive bidding procedure

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 competitive bidding procedure, such as bid price, volume and capacity;
- c) documents necessary to demonstrate the applicants' financial and operational capacity;
- d) other supporting documents required in the call text.

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

Submitted proposals will be first assessed on a pass/fail basis regarding several admissibility and eligibility criteria, such as presenting the required application forms and mandatory supporting documents as defined in the call text or being within the limits of the applicable maximum bid price or volume per bid.

Then, eligible proposals will be assessed against the award criteria set in the call text and then ranked on a bid price basis from smaller to larger. The award criteria will be on a pass/fail basis analysis regarding aspects of relevance and quality (technical, financial, and operational maturity). The competitive bidding procedure will be cleared and proposals within the available budget will be awarded. For proposals with the same score/bid price (within a topic or budget envelope) a priority order will be determined according to certain conditions established in the call text. The last proposal that exceeds the Innovation Fund's call budget will be added to a reserve list.

No other additional ranking criteria will be used.

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

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>.

Implementation

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

3. Project Development Assistance

Legal basis

Article 13 of Delegated Regulation (EU) 2019/856

Implementing entity

This action will be implemented by the European Investment Bank.

For reasons of effectiveness, the Commission has used indirect management for implementing the project development assistance. During the first three years of operation the European Investment Bank (the EIB) has proven successful in providing project development assistance (PDA) under the Innovation Fund. In this context, the EIB should therefore be again entrusted, subject to the conclusion of a new agreement between the EIB and the Commission, with the implementation of the project development assistance task in accordance with Article 18(1)(c) of Delegated Regulation (EU) 2019/856, for a duration of three years.

Description, including the objectives pursued and expected results

The financial and technical experts of the EIB shall provide extensive and specific technical and financial support to the projects selected for PDA with a view to improving the projects' maturity. The objective is to bring decarbonisation projects eligible under the Innovation fund closer to realisation, unconditional of their application or re-application to the Innovation Fund calls for grants. Requests for PDA can be submitted to the EIB with or without a prior application to an Innovation Fund call.

Project development assistance can be awarded by the EIB only to projects that can demonstrate a sufficient degree of innovation, that have the potential to significantly reduce the climate impacts and also potential for widespread application.

Proposals that applied to a call for proposals under Article 9 of Commission Delegated Regulation (EU) 2019/856 but were not selected will be proposed for PDA to the European Investment Bank (EIB), if they:

have given their written consent in their application to the call for proposals; and

comply with the minimum requirements for 'GHG emission avoidance' and reach the minimum thresholds for 'Degree of innovation' and 'Replicability' award criteria (if applicable in accordance with the evaluation in cascade).

The awarded projects shall be invited to sign a project development assistance agreement with the EIB. 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.

4. Other actions or expenditures
- 4.1. Technical assistance to Member States with low effective participation

Legal basis

Article 13 of Delegated Regulation (EU) 2019/856

Amount

EUR 4 000 000

Description, including the objectives pursued and expected results

Article 10a(8), fourteenth subparagraph of Directive 2003/87/EC requires the Commission to provide technical assistance to Member States with low effective participation in projects under the Innovation Fund.

The purpose of technical assistance is to increase the capacities of the requesting Member State to support project proponents on their respective territories to submit high quality applications for funding under the Innovation Fund. The activity consists in providing support to Member States with low effective participation based on a gap analysis and a roadmap to implement different actions aimed at increasing the number and the quality of the proposals located in that country.

This action will be implemented through procurement using a framework contract. The following Member States, which on 15 September 2023 had the lowest ratio based on the Innovation Fund support received by projects on their territory compared with their share of EU ETS verified emissions in 2013-2020 are eligible for technical assistance provided by the Commission in accordance with Article 10a(8), fourteenth subparagraph, of the Directive 2003/87/EC, upon their request: Austria, Croatia, Cyprus, Czechia, Estonia, Denmark, Germany, Greece, Hungary, Ireland, Latvia, Liechtenstein, Lithuania, Luxemburg, Malta, Norway, Portugal, Romania, Slovakia and Slovenia.

Implementation

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

- 4.2. Administrative expenditure and complementary actions

Legal basis

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

Amount

EUR 26 000 000

Description of the activities to be funded

These appropriations shall 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 notably cover costs relating to:

Evaluation of projects by external experts;

Project reviews and checks by external experts;

IT costs related to the on-boarding of the Innovation Fund to the eGrants system of the Commission;

Development and implementation of the Innovation Fund Knowledge Sharing IT system;

Corporate communication, studies, programme evaluation, and other relevant public procurement costs;

Fees for monetisation and asset management.

Implementation

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