Innovation Fund

Third call for large-scale projects

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Agenda

- Policy context
- Presentation of third large scale call
- Award criteria and practical tips related to the application
- Q&A

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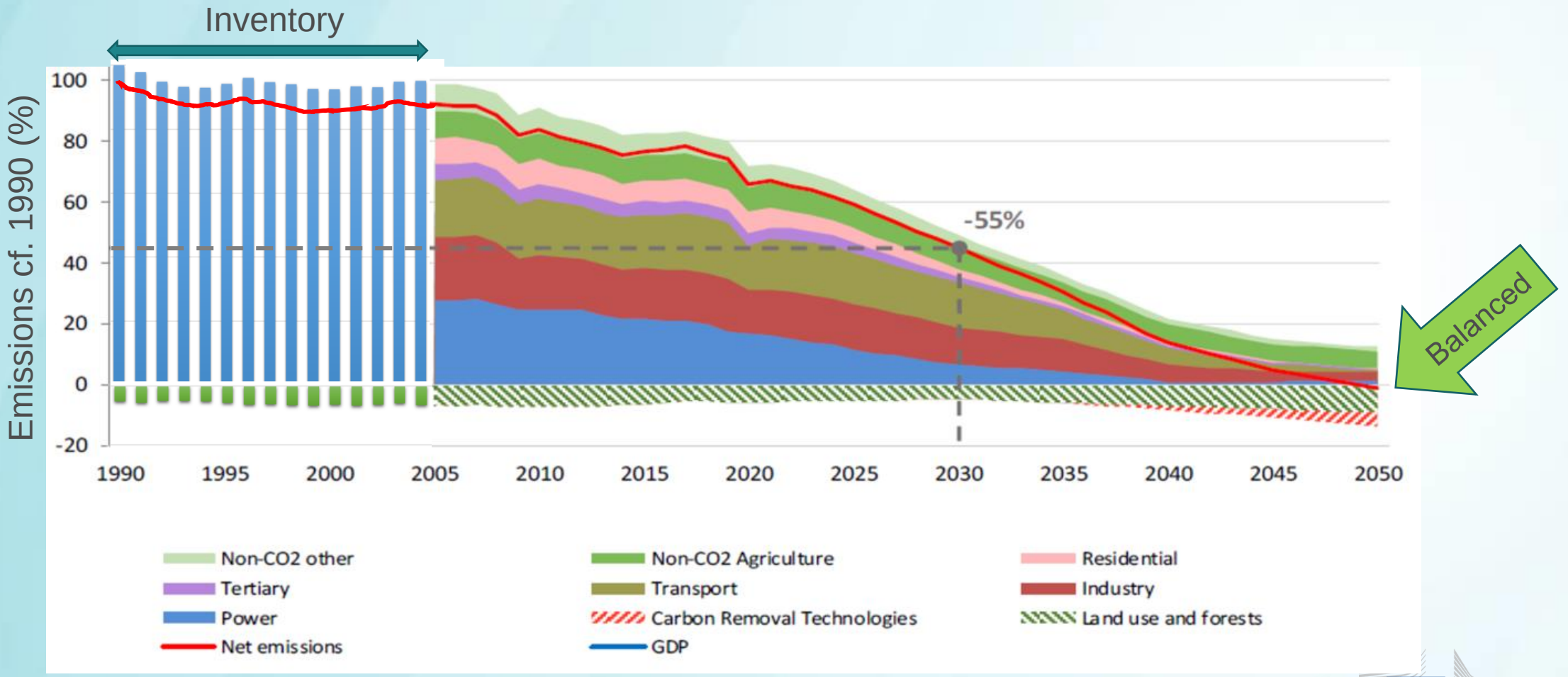
Pathway to climate neutrality



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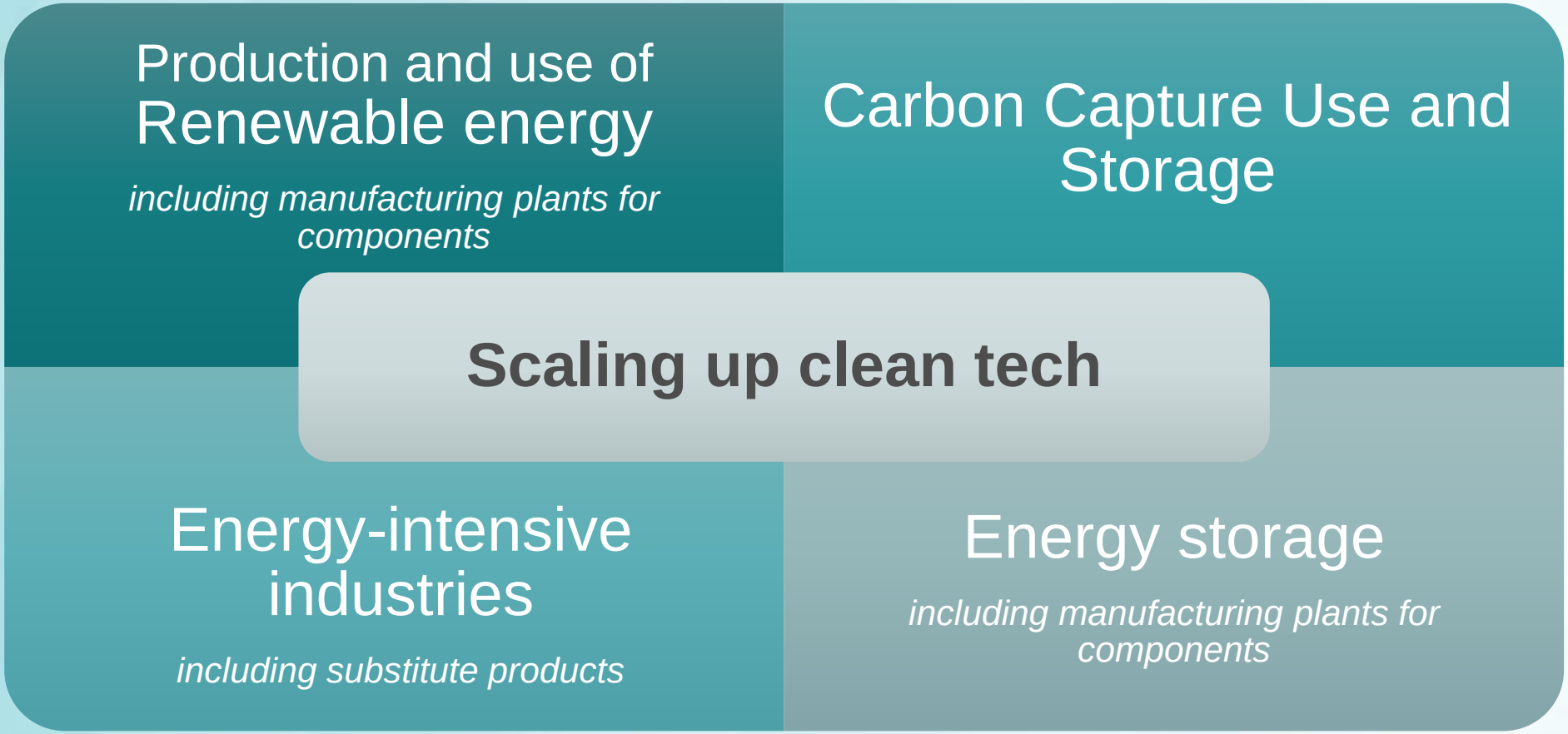
Innovation Fund



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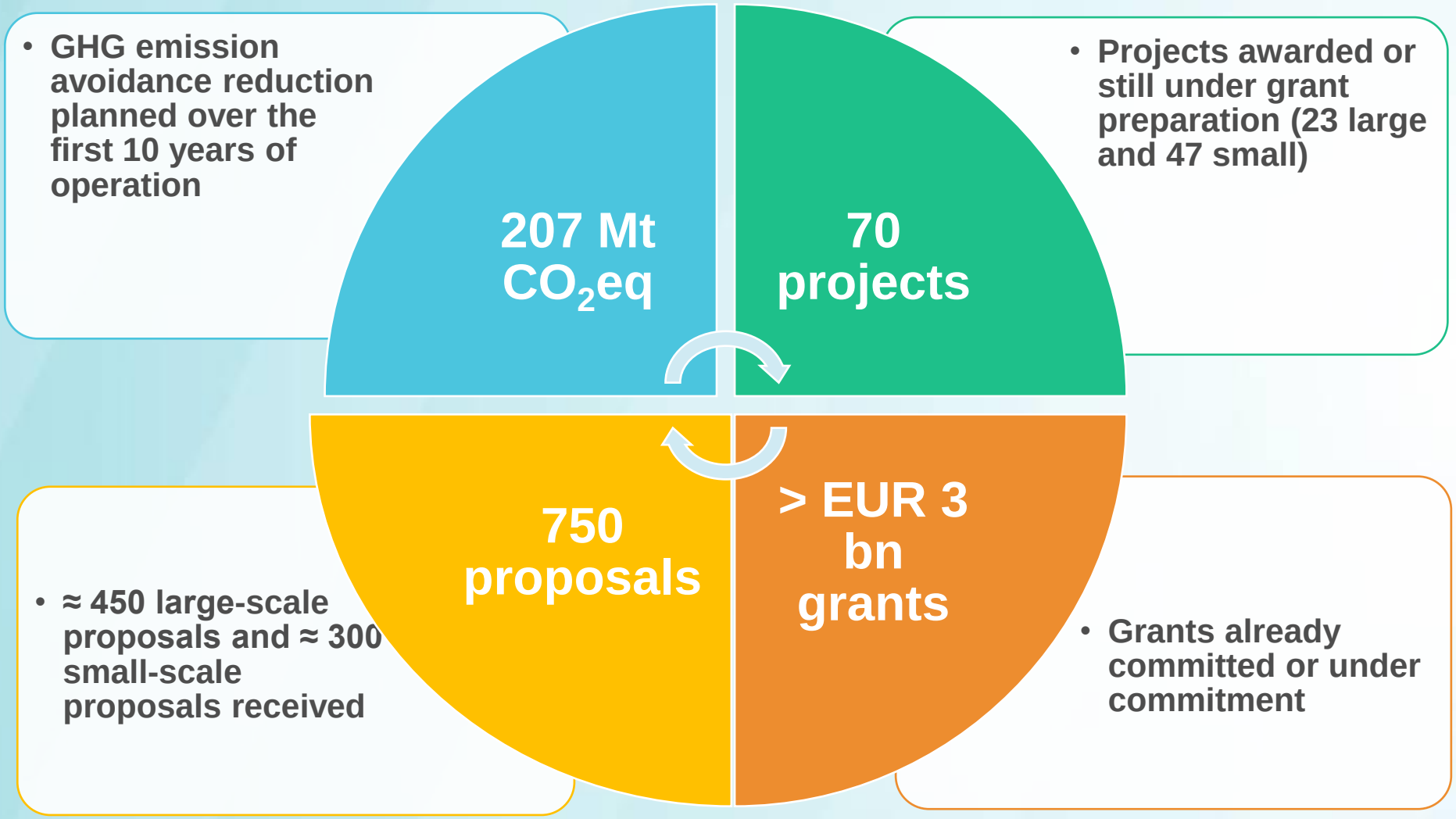
Results achieved so far - key indicators



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Examples of selected large-scale projects

Carbon Capture Use and Storage

- CCS from chemicals and hydrogen in Port of Antwerp
- Bioenergy with CCS in Stockholm
- 5 CCUS projects in cement industry (FR, DE, PL, BG)
- Carbon storage in IS

Hydrogen

- First hydrogen-based steel (SE)
- Green hydrogen (400 and 200 MW electrolysers in NL)
- Hydrogen from solid waste (NL)

Renewables, energy storage, CCU

- Geothermal (DE)
- 2 production facilities for PV and batteries (IT, NO, FR)
- 5 renewable chemical and fibre projects (ES, SE, FI)
- 2 waste-to-fuel plants (NO, SE)

2022 large-scale projects call: key features

Launch	03 Nov. 2022
Deadline	16 March 2023
Results	Q4 2023

EUR 3 billion for grants
+
Project Development Assistance

Four topics

AWARD CRITERIA

Degree of innovation

GHG emission avoidance*

Project maturity

Scalability

Cost efficiency

*incl. quality of calculations, net carbon removals and other GHG emission savings (bonus point)

GRANT DISTRIBUTION

LUMP-SUM contribution
grant up to 60% of relevant costs

- up to 40% of grant at financial close
- remaining amount of at least 60% after financial close
- generally, at least 10% after Entry into operation.

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Four topics in the 3rd Innovation Fund call – project examples

GENERAL DECARBONISATION

EUR 1 bn

- CCUS
- Production of RES

Innovative electrification and hydrogen applications in industry

EUR 1 bn

- Production of hydrogen
- Use of hydrogen

Innovative clean tech manufacturing

EUR 0.7 bn

- **Renewable energy components**
- **Electrolysers**
- **Energy storage facilities**

Mid-sized pilot projects

EUR 0.3 bn

- **Highly innovative pilot projects**
- **Max EUR 40 million grant**

Agenda

- **Policy context**
- **Presentation of the third large scale call and RePowerEU topics**
- **Award criteria and practical tips related to the application**
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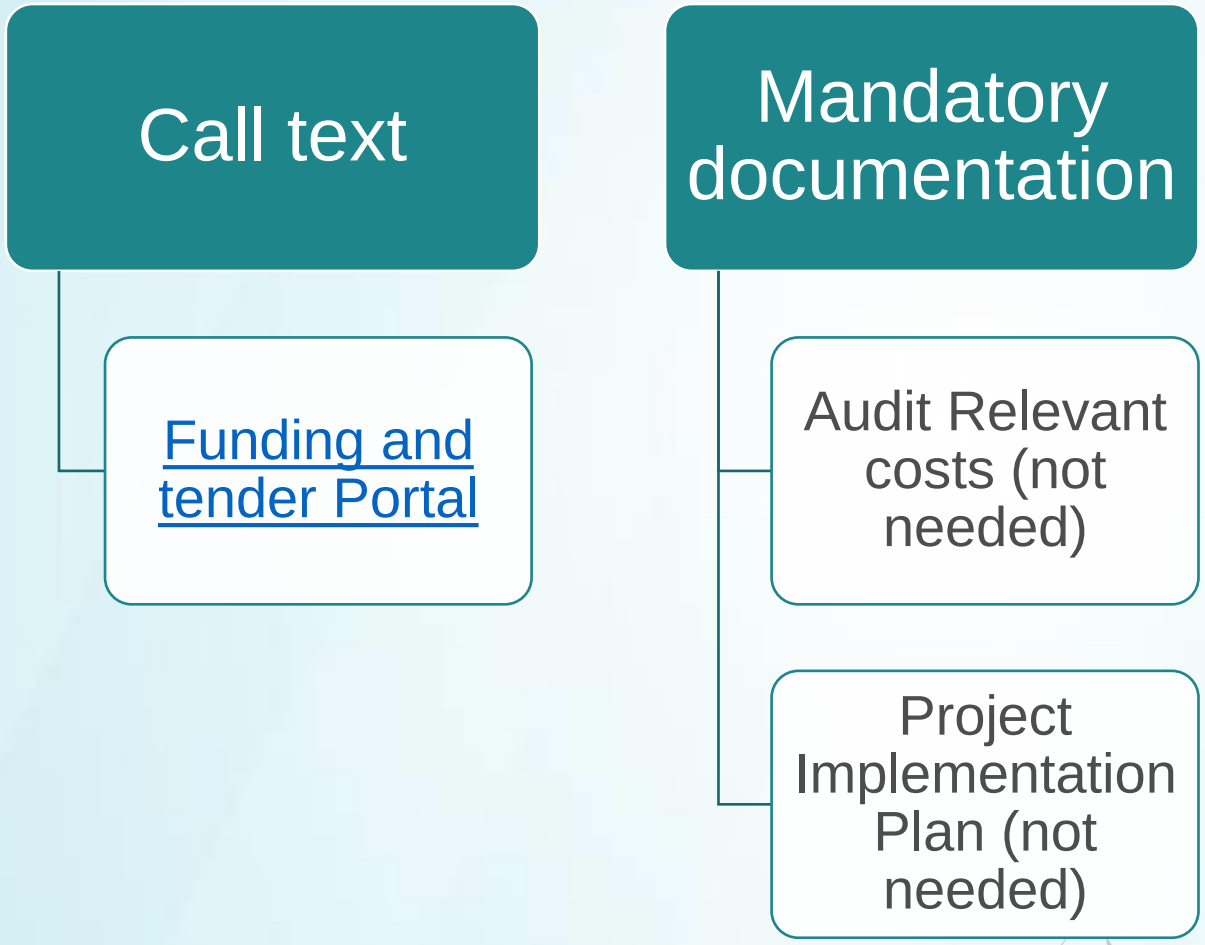
Call text and mandatory documentation

Please find more information on the mandatory documents and how to apply in the following tutorial and in the CINEA website



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Award Criteria

DEGREE OF INNOVATION

Innovation beyond state of the art (see Annex 1 of call text) at European level

* **NEW**: consider the ongoing InnovFund projects

GHG EMISSIONS AVOIDANCE

- **Absolute** emissions avoidance *(compared to sector depending on median avoidance)*
- **Relative** emissions avoidance
- **Quality and credibility** of the calculation and minimum requirements*

* **NEW**: additional minimum requirement for PILOT projects

PROJECT MATURITY

- Technical maturity
- Financial maturity
- Operational maturity

SCALABILITY

***NEW** : one criterion looking at
- Scalability in terms of efficiency gains
- Scalability in terms of further technology or solutions deployment
- Quality and extent of the knowledge sharing

COST EFFICIENCY

- Cost efficiency ratio (i.e. the EU contribution requested per tCO_2 avoided)*
- Quality and credibility of the cost calculation

* **NEW**: different formula for PILOT projects

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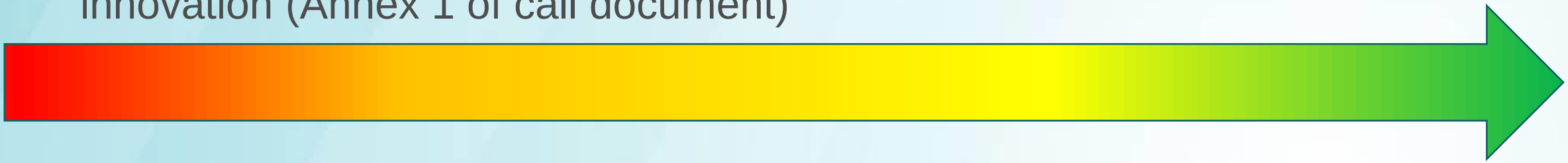
Degree of Innovation

The Innovation Fund aims to support projects that go beyond incremental innovation (Annex 1 of call document)



Incremental innovation, the degree of innovation is very low since only minor changes or improvements are made to existing products, processes or business models, projects which will deliver only incremental innovation **will not be retained.**

Intermediate or strong degree of innovation is present in new or considerably changed technologies or processes or business models for the production or delivery of existing or new products or services

Very strong or breakthrough degree of innovation is present in completely new technologies or processes or business models or completely new products or services, which substitute existing products or business models

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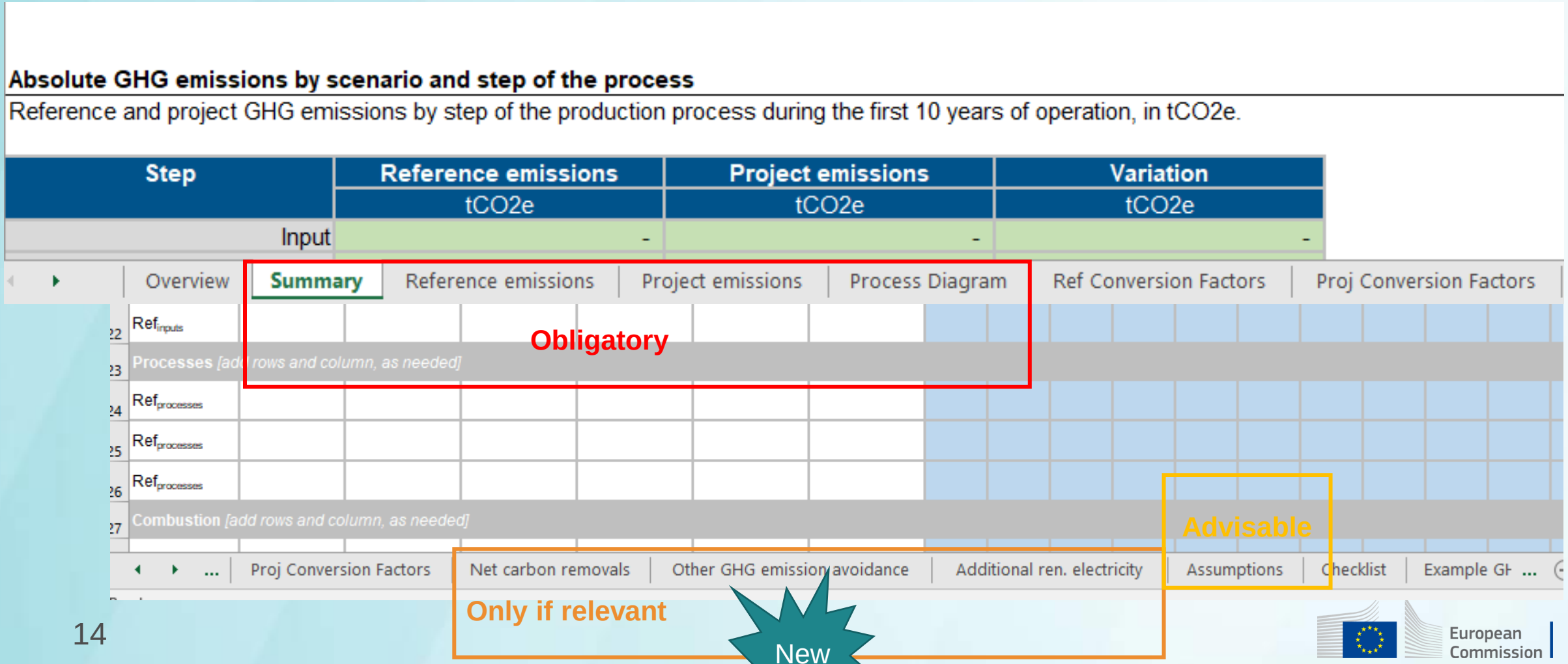
How to make your proposal successful

- Clearly describe the innovation in the individual elements of the proposed solution and, if relevant, of their combination and their respective degrees of innovation
- Clearly describe the state of the art as a benchmark against which the assessment of the innovation(s) is made (include geographical reference point)
- Evaluators need to be convinced by the application, so substantiate well the performance advancements compared to state-of-the-art solution, provide credible performance data. Consideration of innovation needs to take into account at least plant design; operating approach; construction; performance; reliability & availability; maintenance and economics.

GHG: calculation tools must be used
Examples available

New

Scalability tab no longer available



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GHG - Minimum requirements

Comparison with EU ETS benchmark emissions (only for projects producing products with a EU ETS benchmark)

Calculate the GHG emissions per unit of product according to the EU ETS methodology and compare with the equivalent EU ETS benchmark(s) applicable at the time of the application and confirm that the project emissions are lower than the EU ETS benchmark emissions.

Sustainability of biomass (only for projects using biomass as feedstock)

Projects using biomass as feedstock must confirm that the biomass used will at least meet the sustainability requirements of the Renewable Energy Directive. The biomass feedstock must either be listed in Part A of Annex IX of the Directive or be certified as low indirect land use change (ILUC)-risk as defined by Commission Delegated Regulation (EU) 2019/8072.

Additional requirement for "PILOT" projects

New

At least 75% emissions reductions below the relevant ETS benchmark for industrial installations covered by the EU ETS. For other projects, the relative emission avoidance should be at least 75%

Bonus points

New

Bonus	
1 - The potential to deliver **net carbon removals**	1 point (half point 0.5 possible)
2 - **other GHG savings** from emissions sources that go beyond the boundaries established in the Innovation Fund methodology for the given sector	1 point (half point 0.5 possible)
3: commitment to use **electricity from additional renewable sources**: projects that propose to use significant amounts of electricity from the grid are encouraged to demonstrate whether they are using additional electricity of renewable origin and whether they are adding to the deployment of renewable energy	1 point (half point 0.5 possible)

Main mistakes on GHG emissions avoidance

Difference in scope of reference and project scenarios

Adoption of inadequate reference scenario and emissions factor

Project boundaries differed from the methodology ones

Assumptions and data not backed with supporting evidence

Additional GHG savings claimed under Absolute GHG emissions avoidance

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Project Maturity - Technical Maturity

Objective: assess the technical maturity of the proposed projects

Technical feasibility to deliver the expected output and GHG emissions avoidance

Technology risks and proposed mitigation measures

- **Application form, Part B, sections:**
  - 3.1 (technical maturity)
  - 3.4 (risk management)
  - Section 0: technical characteristics and scope / technology scope
- Feasibility study (mandatory annex)
- Any existing technical due diligence report (optional)

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Technical Maturity

How mature is your technology: **Describe the actual readiness level of your technology/solution**

Resubmissions are welcome, particularly if the readiness of your **technology has improved**

Ensure consistency between project implementation plan, feasibility study, business plan and GHG calculations

1 **Provide a thorough analysis and technical description**

- Be concise and focus on key facts and figures

2 **Justify and provide evidence for the claimed expected output, e.g.:**

- Evidence and performance data from previous stage/site/pilot
- Third party confirmations, quotes from vendors or suppliers, signed letters of agreements or head of terms

3 **Analysis of technical risks and their mitigation is required**

- Use due diligence report when available

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Financial Maturity – key points

Objective: assess the project capacity to reach Financial Close within 4 years

- **Project business plan and profitability**
- **Soundness of the financing plan**
- **Commitment of project funders**
- **Understanding of project financial risks**

The 7 golden rules of FM

1. Clearly outline project scope, legal structure (*) and potential interdependencies with other projects

7. Assess market, competitive landscape and commercialisation

2. Identify & provide effective mitigation measures for key risks

Financial Maturity

6. Substantiate and justify your business assumptions

3. Ensure your business plan is fully funded and provide evidence of funding commitment

5. Give evidence of preliminary contract

4. Follow our guidance on how to calculate your project WACC

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(*) if project is set of as a consortium, outline the main responsibilities and working arrangements

Project Maturity : Operational Maturity

Objective: assess the prospects of the project for its successful deployment

- **Project implementation plan**
- **Permits, Rights, Licences and Regulatory procedures**
- **Public acceptance of the project**
- **Project management team and project organisation**
- **Operational risks and proposed mitigation measures**

- **Application form, Part B, sections:**
  - 3.3 - Operational maturity
  - 3.4 - Risks and mitigation measures
  - 6.1 - Work Plan
  - 6.2 – Work Packages, activities, resources and timing
  - Timetable
- Timetable-Gantt chart (mandatory document)
- Any existing due diligence report (optional)

New

Project implementation plan **no longer mandatory** as separate document: all information integrated in Part B of the application form

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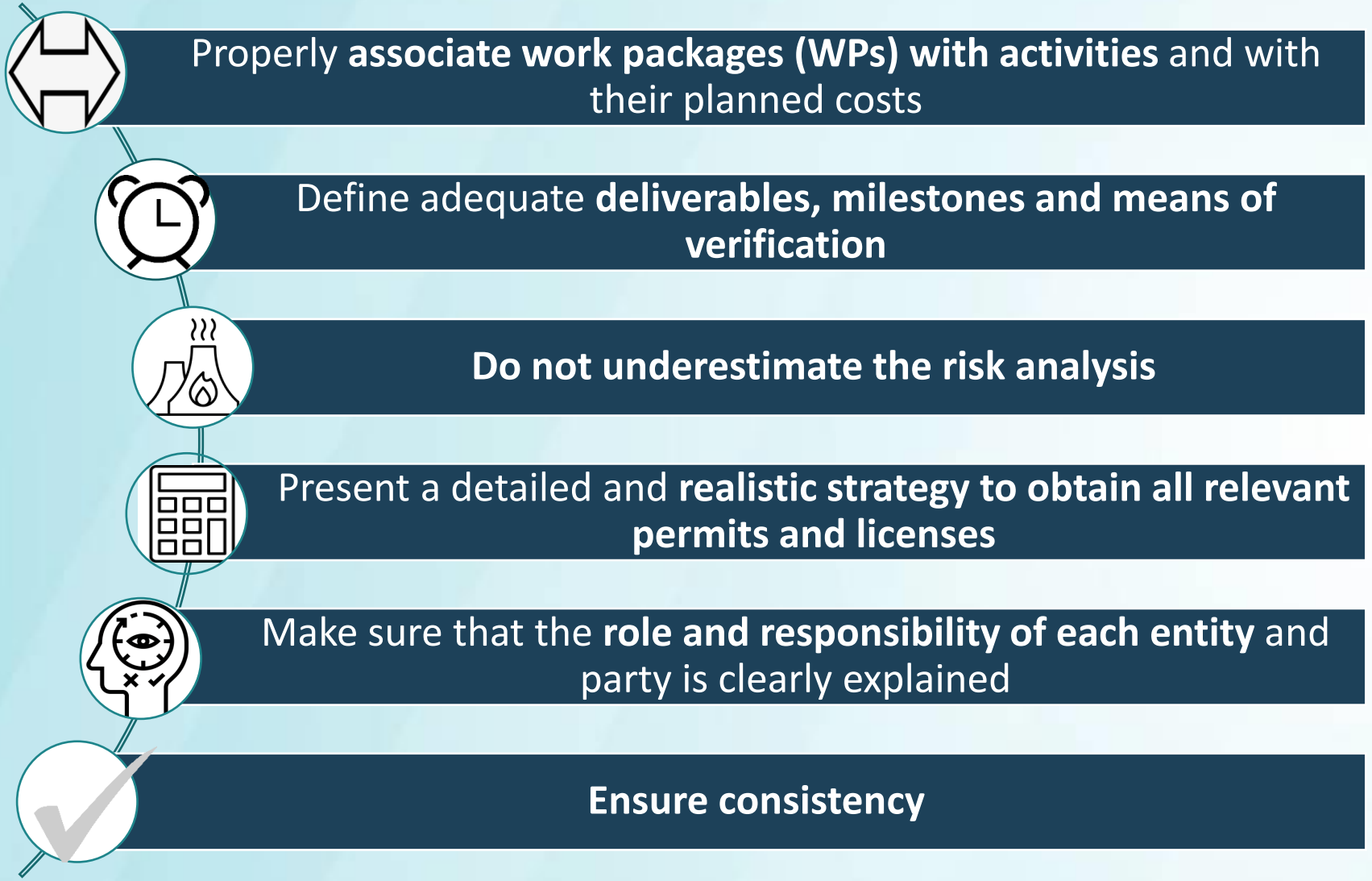
Operational Maturity



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Scalability

Objective: assess the scalability and the knowledge sharing

Scalability in terms of efficiency gains

Scalability in terms of further technology or solutions deployment

Quality and extent of the knowledge sharing

- Efficiency gains:
  - expected technology **cost reductions**;
  - **efficient use of resources** or other ways to address resource constraints notably in terms of **reduction of use** and **more efficient use** of critical raw materials biomass and other scarce resources, and in terms of **circularity, recycling and recyclability** of such resources.
- Scalability in terms of further technology or solutions deployment:
  - at project site and possible transfer to other sites;
  - at sector level, regionally or across the EU economy or globally;
  - + potential for technology
  - transfer beyond sector

Follow the guidance provided in the Application form, section 4

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Cost efficiency

Requested Innovation Fund grant

=

Absolute GHG emission avoidance

During 10 years after entry into operation

Maximum grant is 60% of total relevant costs

Applicants choosing not to apply for the maximum grant will be more competitive when ranked against other applicants in 'cost per unit performance' metric. However if the project will receive project specific state-aid, this must be added to the requested IF grant amount in the numerator of the formula

New

How to make your proposal successful

Cover in a **clear and exhaustive manner** all the points in the Part B and substantiate them, avoid vague statements as evaluators will be asked whether the claims you made are credible;

- underpin your claims with evidence and analysis
- be realistic in your growth expectations
- address well the resource constraints and any limiting factors for further scale-up

Some recommendations

- Read carefully the call documents and understand well the requirements (including the admissibility and eligibility ones)
- Get familiar with and follow the call methodologies and guidance (GHG and relevant costs)
- Before submitting, please check consistency between different parts and documents of your application
- Help is available:
  - Innovation Fund helpdesk
  - IT helpdesk
  - Lessons learned and info-day recordings
  - Tutorial on the application procedure
  - Video on the financial model summary sheet
  - Recording of the infoday and lessons learned

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Forthcoming events

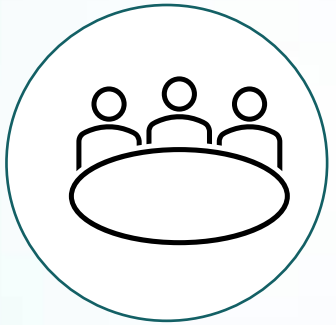
8 February 2023

[European Framework Programme for R&I - Innovation Fund Synergies Workshop]

16 March 2023 17:00

Large-scale call Submission Deadline

Spring 2023



Launch Small-Scale call 2023

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Where to find more information?

All (past) call documents available on the Funding and Tenders Portal including:

- ✓ Guidance and calculation tools on GHG emissions and relevant costs
- ✓ Frequently asked questions

https://europa.eu/!QB67by

Further info, planning of new calls, recorded webinars and videos available on the IF Website:

https://europa.eu/!rx34Dt

Innovation Fund - YouTube

https://bit.ly/2WxK8w7

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Thank you

https://cinea.ec.europa.eu/programmes/innovation-fund_en

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