



## HEAT AUCTION (IF25 HEAT AUCTION)

### AUCTION TOPICS AND BUDGET

The Heat Auction has a total budget of €1 billion and is divided into three topics:

- 1. Medium temperature** – 3 to 5 MW  
€150 million | 100–400 °C
- 2. Medium temperature** – above 5 MW  
€350 million | 100–400 °C
- 3. High temperature**  
€500 million | above 400 °C

In addition, €50 million has been provided under Auctions-as-a-Service for Spanish projects.

### WHO CAN APPLY?

Projects located in the European Economic Area (EEA) that:

- Deliver new industrial process heat capacity using electrified or direct renewable technologies
- Have not started works or placed major orders before submitting the application
- Can reach financial close within 2 years of grant signature
- Can enter into operation within 4 years of grant signature

Applications may be submitted by single entities or consortia (e.g. industrial companies, project developers, energy providers).

### HOW DOES THE HEAT AUCTION WORK?

Support is awarded through a pay-as-bid auction:

- Applicants submit a bid requesting a fixed premium (€ per tonne of CO<sub>2</sub> abated)
- Projects must propose the amount of industrial process heat they will produce, which is then converted into a tonne of CO<sub>2</sub> abated in the application process.
- Bids are ranked solely on price, from lowest to highest €/tCO<sub>2</sub>
- Projects must pass qualification checks (eligibility, relevance, quality, financial and operational capacity, DNSH)
- Funding is awarded until the available budget is exhausted
- Incentives are in place for projects which install energy storage, highly efficient heat pumps or flexible ramping schedules.

Successful projects receive 6 monthly payments, based on verified heat production, for up to five years after entry into operation.

### WHAT IS THE IF 2025 HEAT AUCTION?

The IF25 Heat Auction provides financial support from the Innovation Fund to support the production of decarbonised industrial process heat by accelerating the deployment of electrified and direct renewable heat technologies.

Industrial process heat accounts for a significant share of industrial energy use and emissions in the EU and remains largely dependent on fossil fuels. While low-carbon alternatives are increasingly available, their uptake is hindered by higher costs compared to conventional solutions.

The Heat Auction addresses this challenge by providing cost-efficient, output-based support, awarded through a competitive fixed-premium auction, to projects delivering verified industrial heat production. It also serves as a pilot for the future Industrial Decarbonisation Bank, announced under the Clean Industrial Deal.

### WHAT ACTIVITIES AND TECHNOLOGIES ARE SUPPORTED?

The Heat Auction supports projects producing decarbonised industrial process heat, including:

- Electrified heat technologies, such as:
  - High-temperature heat pumps
  - Electric boilers
  - Resistance, induction, electromagnetic and plasma heating
- Direct renewable heat technologies, such as:
  - Solar thermal
  - Geothermal
- Hybrid solutions combining the above technologies

Only industrial process heat is eligible. Heat for space heating or district heating, electrolysis processes and electric arc furnaces for steel making are excluded.

### NEXT STEPS

- **Deadline for submission:** 19 February 2026 (17:00 CET)
- **Evaluation:** March – May 2026
- **Grant agreement signature:** Autumn 2026
- Applications must be submitted via the [EU Funding & Tenders Portal](#).

### WHY APPLY?

- Performance-based support linked directly to verified heat production
- Reduced investment risk through predictable, output-based payments
- First-mover advantage in scaling electrified and renewable industrial heat
- Contribution to the EU's climate neutrality and industrial competitiveness objectives

