Latvian National Info day

Rowan STEELE, DG CLIMA
Maria Jesus BAEZ, CINEA
Kristine BITNERE, CINEA

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Riga, Latvia

European Commission

Disclaimer

The event and its recording as well as the presentation support materials, are made public to provide potential applicants with general guidance to help them complete their proposals.

If there is any conflict between:

- the information provided during the Info day session itself, its recording, the Financial Information File tutorial recording, and the presentation support materials on the one hand, and the provisions set out in the **official call text** for the Innovation Fund calls for Industrial Heat Decarbonisation Auction, Hydrogen Auction and Net Zero Technologies as well as the **related FAQs** posted on the EU Funding & Tenders portal on the other,

*the latter two documents **take precedence** over the materials from the Info day and act as the text of reference for the IF25 Industrial Heat Decarbonisation Auction, the IF25 Hydrogen Auction and the IF25 Net Zero Technologies calls.*

The information provided at the Info Day is not of a binding nature and without prejudice to the assessment of the submitted proposal(s).

Agenda: 9.20-11.00

1. General overview of the Innovation Fund and its previous calls
2. IF25 Net-Zero Technologies (NZT) call
3. Lessons learned from IF24 Net-Zero Technologies call
4. Do No Significant Harm Principle (DNSH)
5. IF25 Hydrogen Auction
6. IF25 Heat auction
7. Conclusion

Evolution of the Innovation Fund

Adapting to an evolving industrial and political context

2020 – 2022

- Two calls per year
  - Small- & Large-call

Since 2023

- Net-zero call (5 topics)
  - **Large, medium and small-scale projects**
  - Dedicated budget for **clean-tech manufacturing** and for pilots
  - Raised CAPEX for Small-scale (€20M)
- RFNBO-H_2 auction call
  → **EU H_2 bank**

2024

- Net-zero call (5 topics)
- RFNBO-H_2 auction
  - **Topic** dedicated maritime
- Battery manufacturing call

2025

- Net-zero call (5 topics)
- Hydrogen Auction
  - For both RFNBO and low carbon H_2
  - Topic dedicated to maritime and *aviation*
- Heat Auction **(new)**

11 calls successfully closed, ~2000 proposals received, over €15.8 billion awarded

Innovation Fund portfolio

Ongoing projects + Projects from IF24 calls*

276 projects

197 ongoing +
79 under GAP

~€15.8 billion

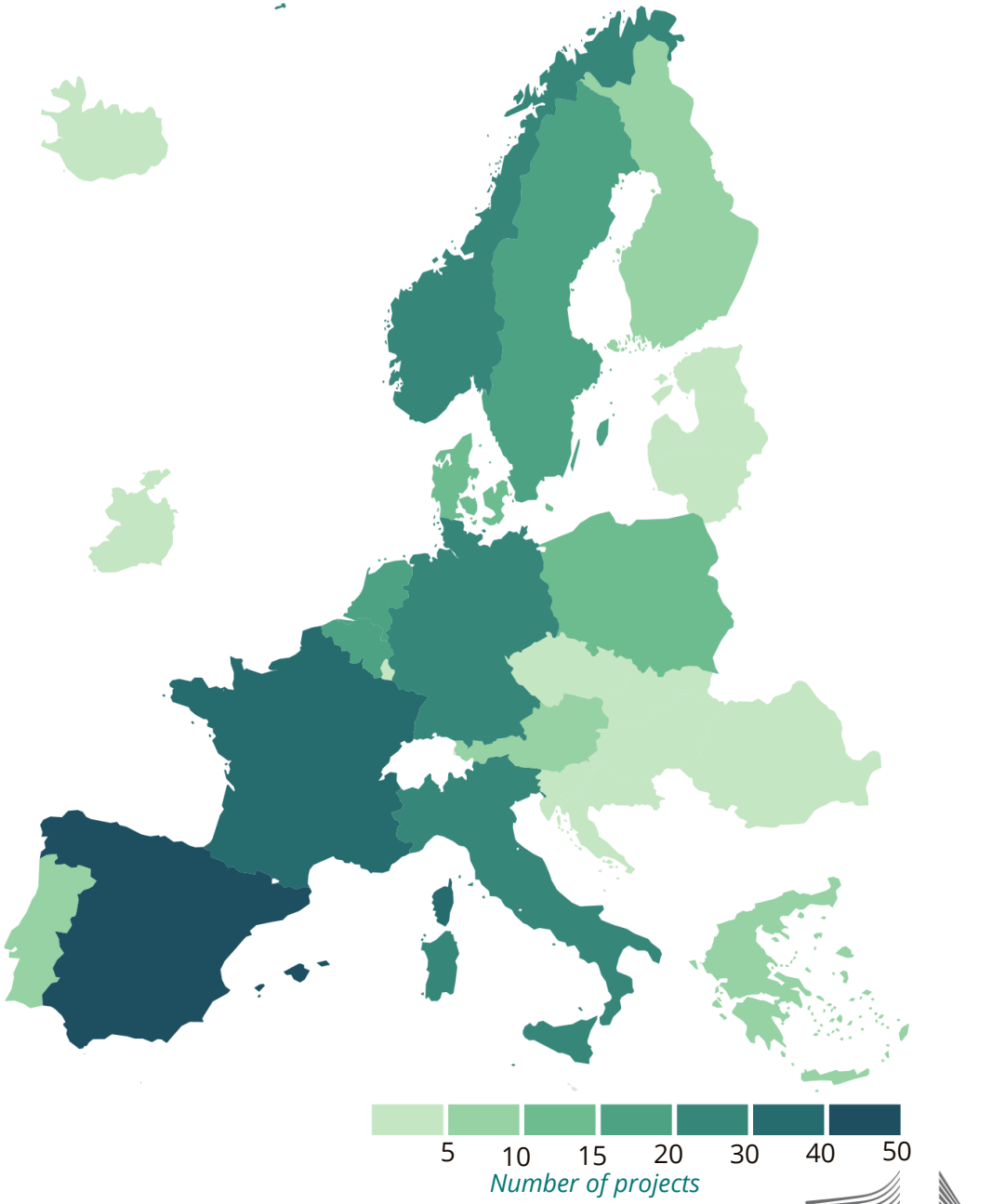
€11.8 billion allocated
+ €4 billion under GAP

~1 160 $MtCO_2e$

to be avoided

28

countries

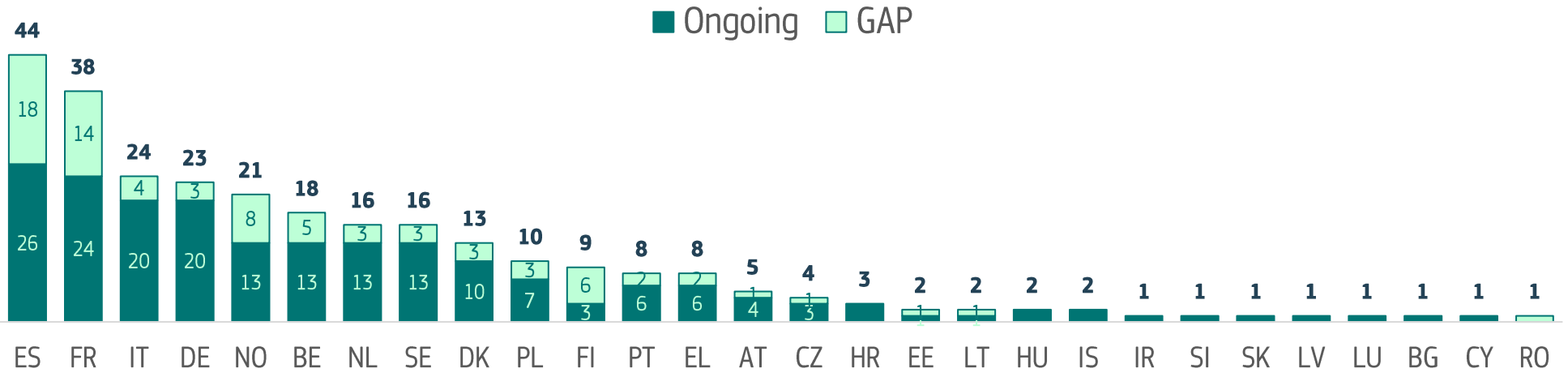


New country in portfolio: Romania

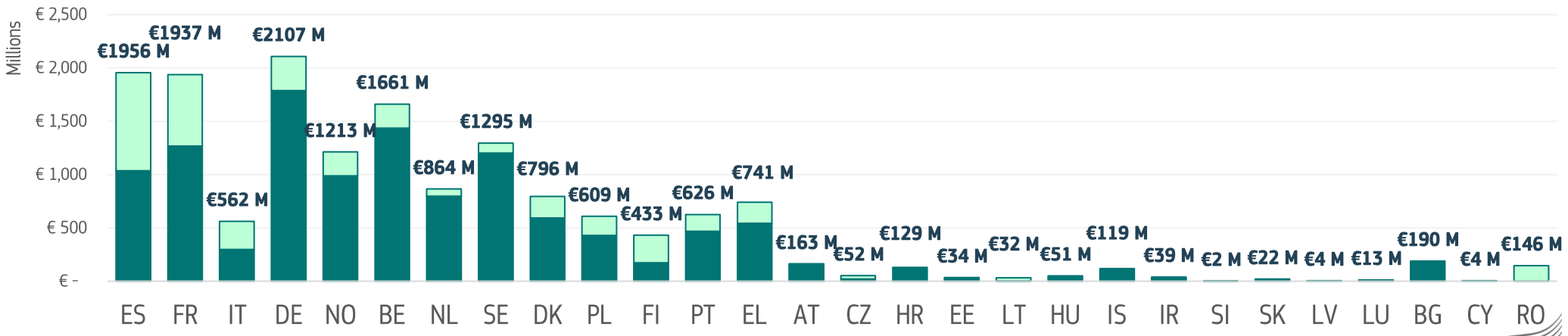
GAP: Grant Agreement Preparation
**Projects ongoing as of 30/09/2025, recently signed IF24-Batt and projects from IF24 calls (IF24-RFNBO-AUC + IF24 NZT)*

Geographical distribution of the portfolio*

Projects per country
#

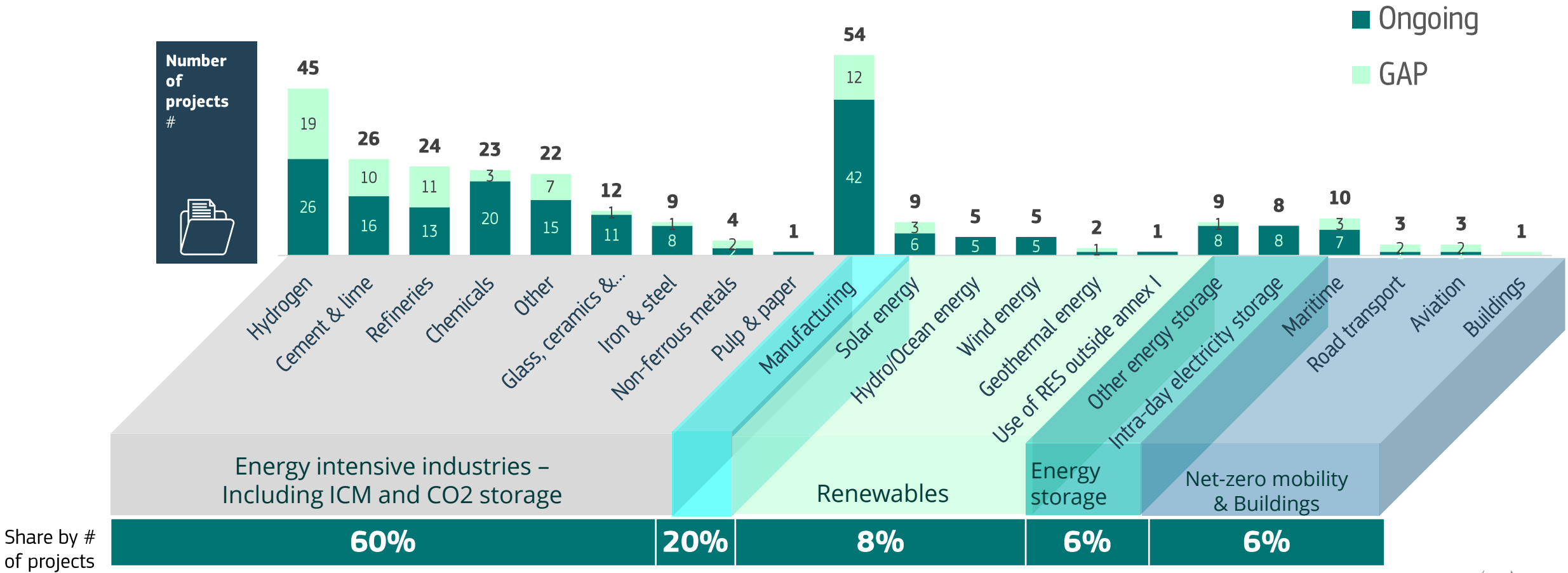


Budget
€, Mn



*GAP: Grant Agreement Preparation
Ongoing projects as of end of Q3-2025, including recently signed IF24-battery projects and selected projects from IF24-Calls under GAP

Innovation Fund Portfolio by sector



GAP: Under Grant Agreement Preparation

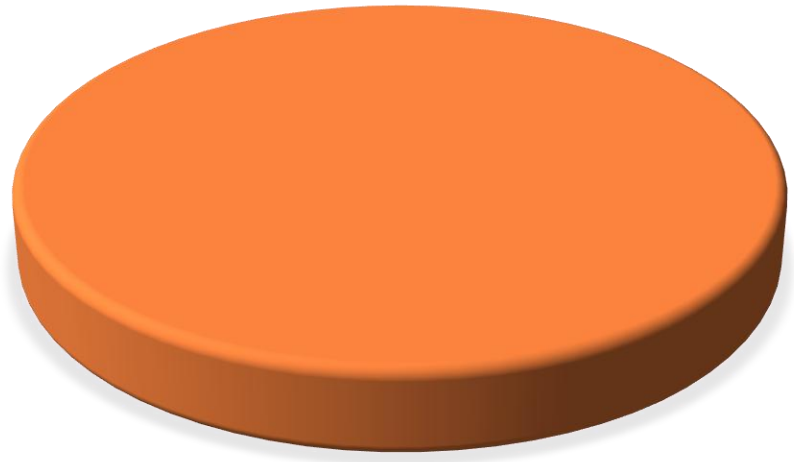
Latvia

1
Project[1]

4.4 million €
EU contribution

161.3 ktCO$_2$ eq
first 10 years

Sectoral distribution



Manufacturing; 1

Latvia

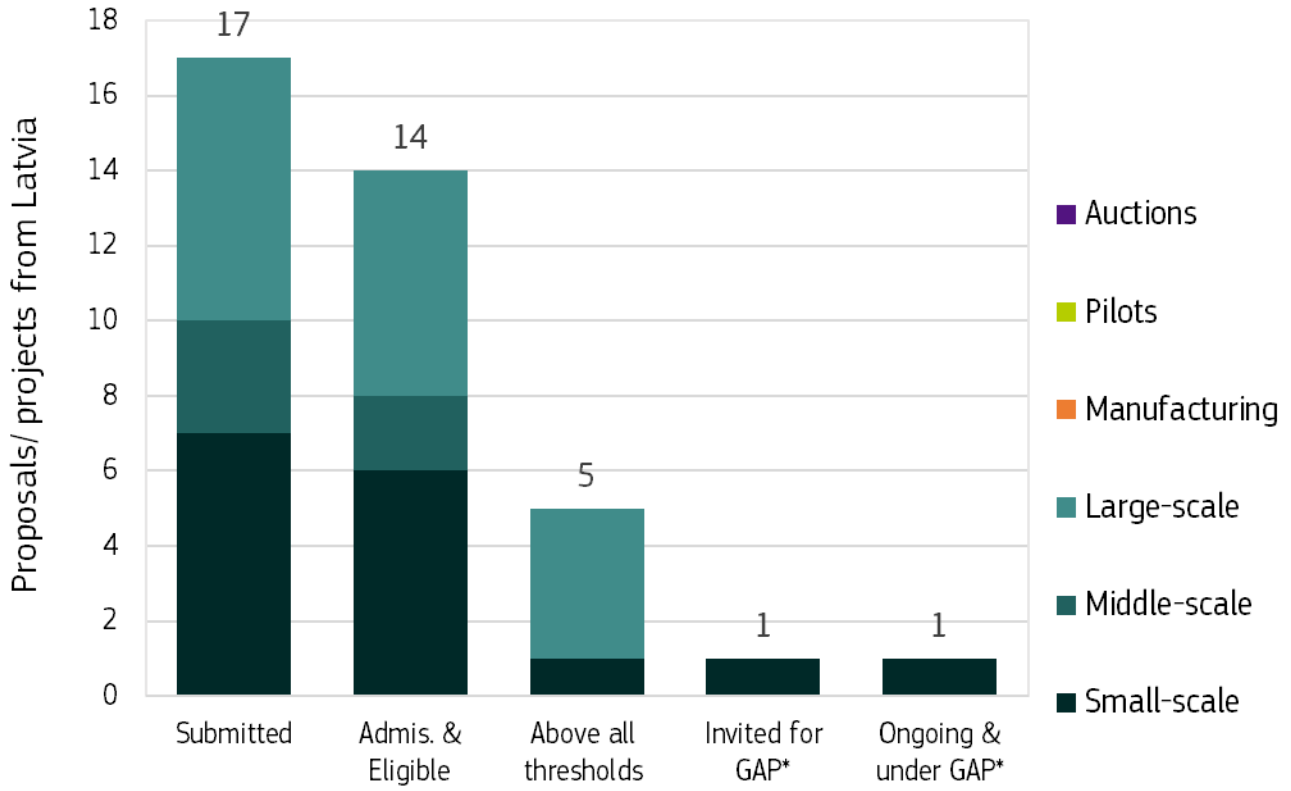
[1]Based on ongoing projects by 30/09/2025

Latvia

Performance through Innovation Fund calls

6% success rate

4 projects with STEP seal[1]



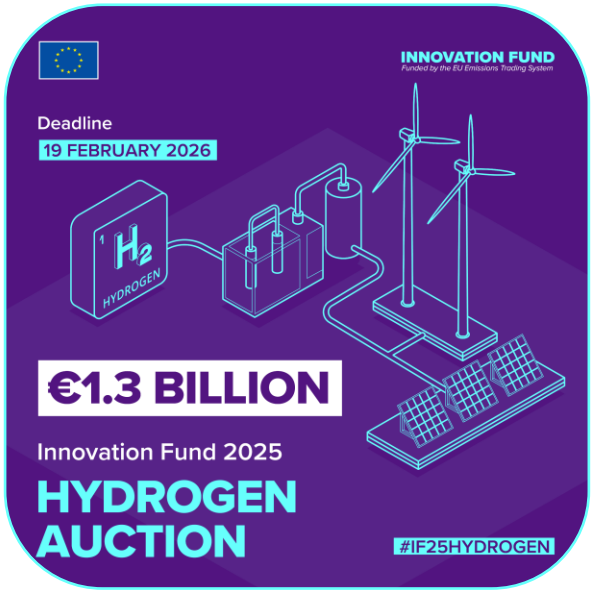
If applicable, IF24-Batt projects are aggregated as manufacturing projects

The STEP seal has been awarded to proposals passing the evaluation process for the NZT-2023, NZT2024 and IF24 Battery call

*GAP: Grant Agreement Preparation

1 Based on ongoing projects by 30/09/2025 + projects from IF24 Calls

Which call should you apply for?



IF25 Hydrogen Auction

- RFNBO hydrogen production
- RFNBO and/or low-carbon **electrolytic** hydrogen production
- RFNBO and/or low-carbon **electrolytic** hydrogen production for **maritime** and **aviation** sectors

IF25 Industrial Heat Auction

- 100-400°C - thermal capacity 3-5MW
- 100-400°C - thermal capacity > 5MW
- > 400°C - thermal capacity > 3 MW

IF25 NZT Call

Innovative commercialisation, demonstration, pilot plant or scale up of technologies, business models and processes that reduce GHG emissions

Q&A
Funding and tender portal

IF25- CALLS – additional information

IF25 H2 AUCTION

Closing date: 19/02/2026
Budget: € 1.3 billion

Info day recording and presentation

Q&A
Funding and tender portal

IF25 HEAT AUCTION

Closing date: 19/02/2026
Budget: € 1.0 billion

Info day recording and presentation

Q&A
Funding and tender portal

IF25 NZT

Closing date: 23/04/2026
Budget: € 2.9 billion

Info day recording and presentation

Q&A
Funding and tender portal

IF25 Net Zero Technology Call

Kristine BITNERE
Maria Jesus BAEZ

IF25 NZT call – Topics

Topic	Capital Expenditure	Topic budget	Sectors covered
Large-scale projects	above €100 million	€1 200 million	• Annex I and Annex III to the EU ETS Directive 2003/87, including CCU and development of substitute products • Carbon Capture and Storage (CCS) • Renewable energy and energy storage technologies • Maritime and aviation
Medium-scale projects	between €20 million and €100 million	€300 million	
Small-scale projects	between €2.5 million and €20 million	€100 million	
Clean-tech manufacturing for components*	above €2.5 million	€1 000 million	• Renewable energy • Electrolysers and fuel cells • Energy storage solutions • Heat pumps
Pilot projects	above €2.5 million	€300 million	Validating, testing and optimising highly innovative, deep decarbonisation solutions in all sectors eligible for Innovation Fund support

* Components also include final equipment such as wind turbines, solar panels, batteries, heat pumps or electrolysers.

IF25 NZT call award criteria

Degree of Innovation	GHG emission avoidance potential	Project maturity	Replicability	Cost efficiency
Innovation beyond state of the art at European level (except SSP – European or national level) ***! Consider ongoing IF projects !***	Absolute emission avoidance Relative emission avoidance Quality of calculation and minimum requirements	Technical maturity Financial maturity Operational maturity	Efficiency gains and multiple environmental impacts (including DNSH) Contribution to Europe's industrial leadership and competitiveness	Cost efficiency ratio (different formula for Pilot projects) Quality of the relevant cost calculation and minimum requirements

Bonus points:
1) Net Carbon Removals
2) Projects coordinated and implemented by SMEs
3) Maritime sector projects

Limited changes compared to IF24 NZT call

DNSH compliance

Project activities need to comply with the “do not significant harm” principle. DNSH alignment is assessed during proposal evaluation.

Changes in eligibility criteria

Manufacturing of EV battery cells now eligible. Activities primarily aimed at electricity generation from non-recycled fossil fuels, as well as activities for fossil fuel production based on non-recycled fossil feedstocks are not eligible.

Rationalising access of hydrogen production projects to IF funding

Hydrogen production projects eligible for the IF25 H2 Auction are excluded from the Large and Medium-scale Projects Topics, but are still eligible under the Pilot and Small-scale Projects Topic.

Changes in the Bonus Points – New Bonus Point for SMEs

New bonus point for projects coordinated and implemented only by SMEs. Replacing previous bonus points for (a) other GHG savings, and (b) electricity from additional RES or to use RFNBOs.

Refinements and clarifications

Improved call text clarity, most notably on: (a) scope of Pilot topic and its evaluation under DoI, (b) refinement of Replicability award criterion, (c) clarifications on required supporting documents.

Innovation Fund Self-check Questionnaire

- Provide an early high-level orientation on potential fit and readiness of project ideas for the Innovation Fund

- Entirely independent from the official Innovation Fund application and evaluation process

➢ Available here

Call text and mandatory documentation

IF25 NZT Call text on Funding and Tenders Portal

Application form A	Application form B	Part C	Mandatory annexes and supporting documents
• Administrative **information** • **Summarised** budget	• Technical description • Up to 70 pages	• Project's contribution to EU programme KPIs	• Detailed budget table/relevant cost calculator • Participant information • Timetable/Gantt chart • GHG emission avoidance calculator • Feasibility study • Business plan • Detailed financial model • Project shareholders' financial resources • Support to project • Terms of supply • Extended Part C form

How to apply?

Tutorials

CINEA produces a series of **tutorials** to help you throughout the application process.

Application procedure	How to fill in PART C
The extra file for data collection (Extended PART C)	Financial Information File (FIF)
Introduction to Business Plan and lessons learned on financial maturity	

GHG methodology

Find here a set of videos on the overview and guidance on the GHG calculations for each project category.

Main principles and step-by-step of the GHG calculation	Energy storage (ES)
Energy intensive industry (EII)	Carbon capture utilisation and storage (CCUS)
Mobility including maritime, road transport and aviation (MOB)	Renewable energy sources (RES)

GHG calculation

Find here a set of videos explaining how to perform calculations for a selection of examples.

RES - Manufacturing of components (wind blades)	ES – Reactive services
EII - Production of methanol	MOB – Aviation plus modal switch

Additional supporting material

To complete the GHG Methodology tutorial and help you with your proposal, templates and examples of **GHG calculations** are available through the following link.

As in previous years to support project promoters in understanding the objectives, scope and key requirements of the Innovation Fund, you can use the "self-check questionnaire" to assess if your project idea fits the IF25 NZT call.

Check out the **Q&A document**. If you still need further assistance, don't hesitate to contact the Innovation Fund Helpdesk.

Check all relevant information to apply

- Funding and Tenders Portal link
- CINEA website
  - Tutorials:
    - Application process
    - How to fill in PART C and the extended Part C form
    - Financial Information File tutorial
    - Introduction to Business Plan & Lessons Learned on Financial Maturity
    - GHG methodology
    - GHG calculation
  - Info Day recording and slides (available after the event)
  - Additional supporting material
    - Frequently Asked Questions
    - Helpdesk

Cascade approach

1. Check **eligibility** and **admissibility**

(if all requirements are not met, the evaluation is stopped)

2. Assess **Degree of Innovation** criterion

(if the score is below threshold, the evaluation is stopped)

3. Assess **GHG Emissions Avoidance** and **Project Maturity** criteria

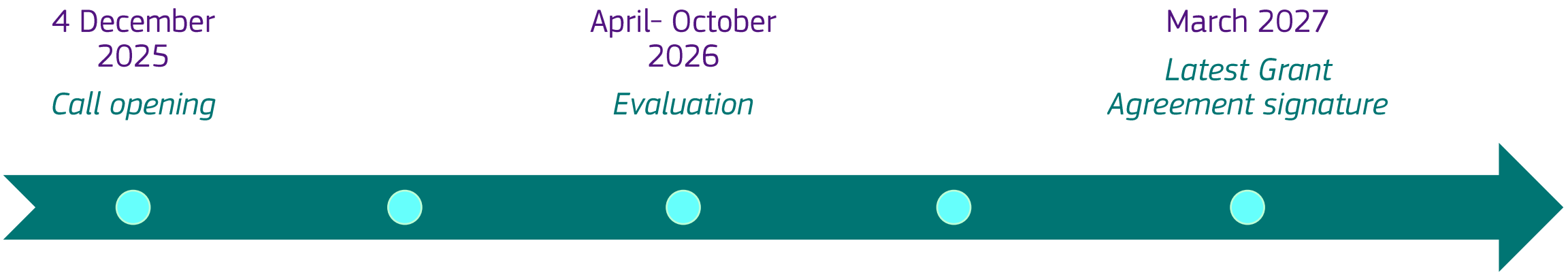
(if GHG min. requirements are not met or score in any of the sub-criteria is below threshold, the evaluation is stopped)

4. Assess **Cost efficiency** sub-criterion

(if the score for 'Quality of the cost calculation and min. requirement' is below threshold, the evaluation is stopped)

5. Assess **Replicability** criterion and **Bonus points**

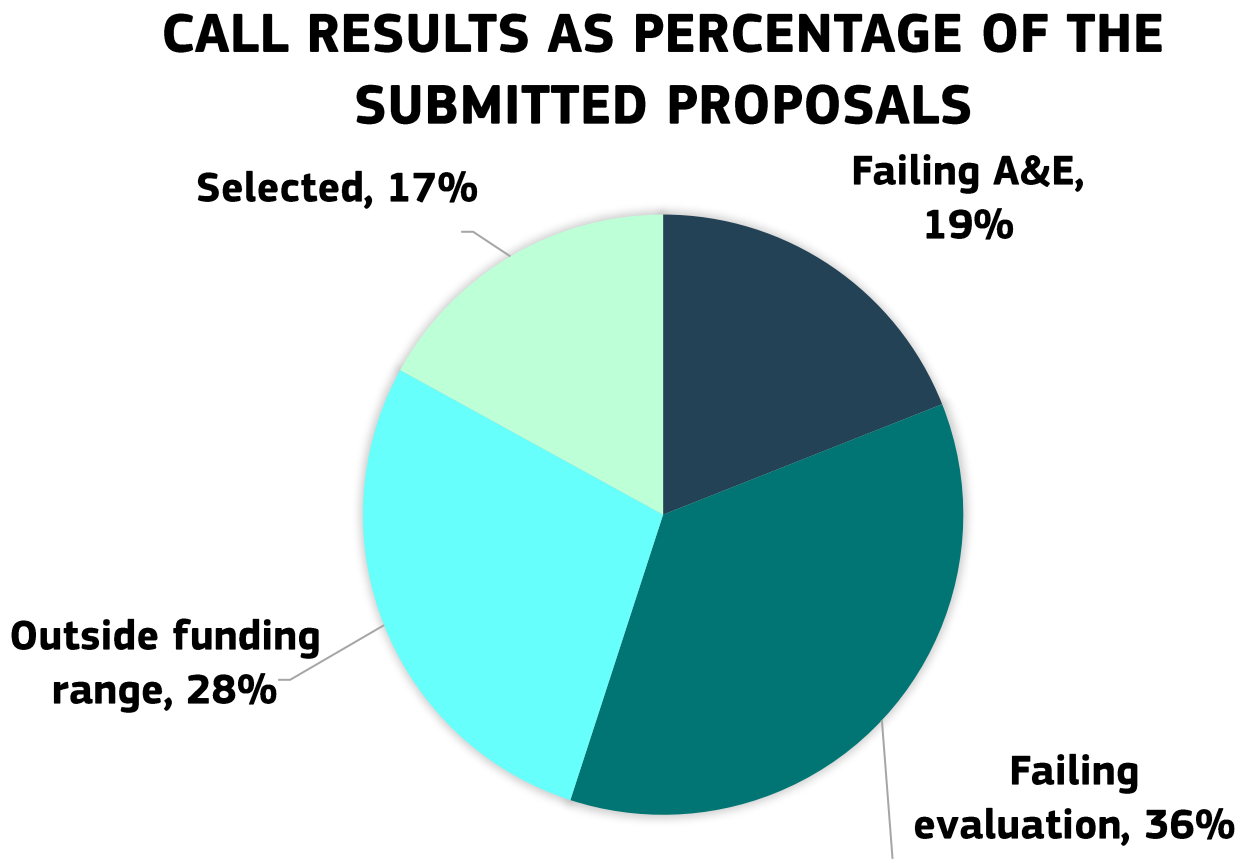
Evaluation timeline



Indicative timeline

Lessons learned from IF24 Net-Zero Technologies call

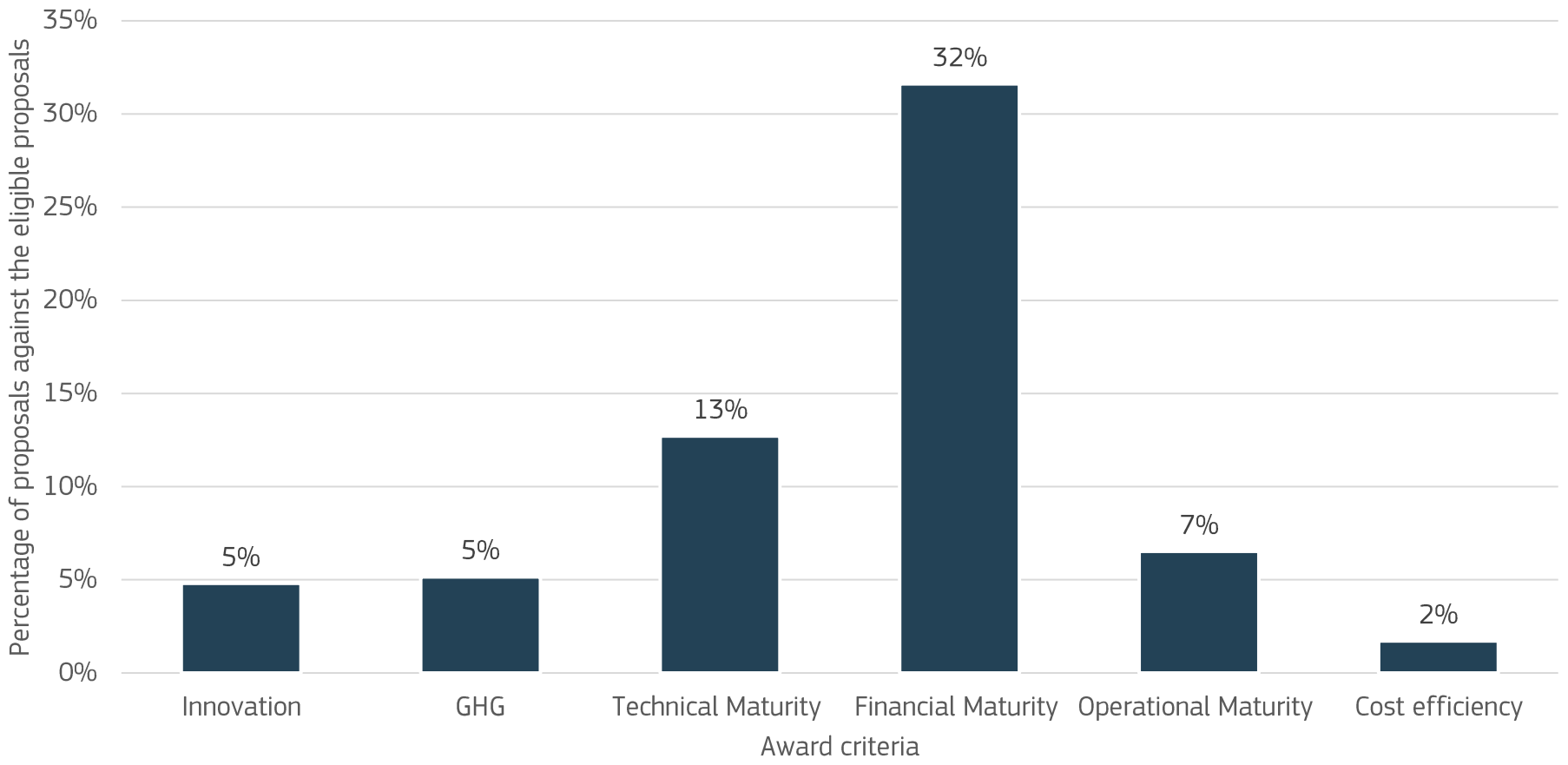
IF24 NZT Call Results



- **359** received proposals
- **291** proposals were A&E
- **100** resubmissions
- **61** invited for Grant Agreement Preparation;
- **55%** of the evaluated proposals passed all evaluation criteria

IF24 NZT Call results: Failure rate per award criterion

Proposals failed against the eligible proposals (291)



*Some proposals failed under more than one criterion

Innovation Fund 2025 Net-Zero Technologies Call

Award Criteria

European Commission

Degree of Innovation

Degree of Innovation

Application form, Part B

Section 1: Degree of innovation

Innovation **in relation to the state of the art**

Innovation **beyond the state of the art**

Feasibility study (mandatory document)

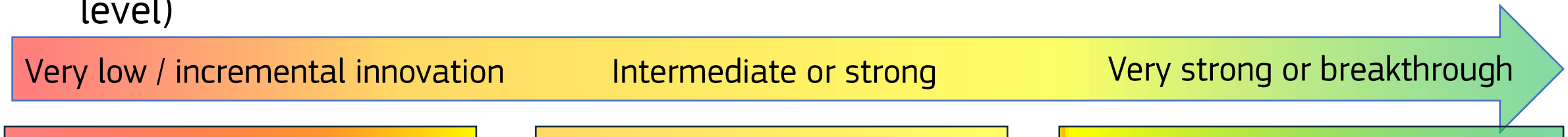
A template for the Feasibility study is available in the Submission System (under "Part B templates").

Template recommended to be used!

Any due diligence report (if any)

Degree of Innovation

The Innovation Fund aims at supporting projects beyond incremental innovation on a scale from intermediate to breakthrough, including scaling-up, considering the European level as reference point (for SSP topic the European or national level)



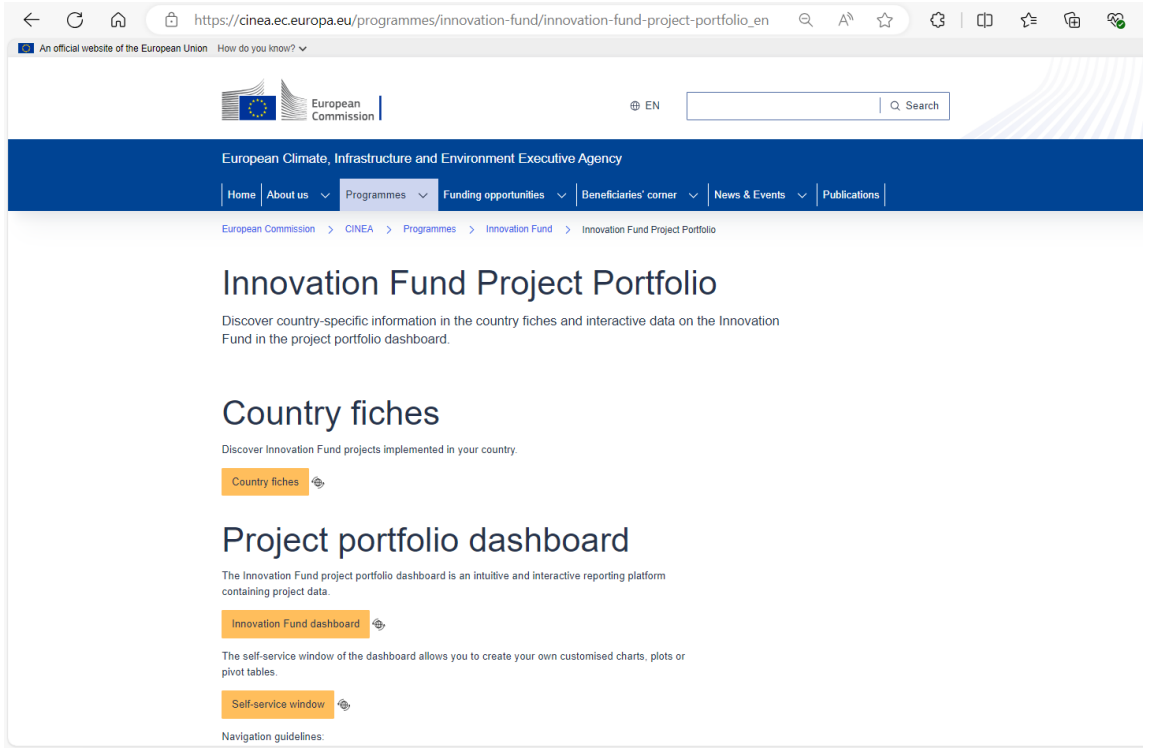
Incremental innovation: minor changes or improvements to existing products, processes or business models; implies limited new knowledge / technology; such projects **will not be retained.**

Intermediate or strong: new or considerably changed technologies or processes or business models; novel combinations of mature technologies; scale-up of innovative technologies

Very strong or breakthrough: completely new technologies or processes or business models; innovations leading to significant changes that transforms entire markets or industries or creates new ones

References to Innovation Fund projects

- Proposals focusing on innovations similar to the ones of ongoing Innovation Fund projects, must clearly justify where the new innovative elements lie
- Such projects may receive a lower score
- Consult the list of funded Innovation Fund projects (Innovation Fund Project Portfolio Dashboard)



Degree of Innovation for topic General - SSP

Innovation at national level:

- For **small-scale projects** (INNOVFUND-2025-NZT-GENERAL-SSP), the reference point can be at **European** or **national level**
- For **innovations at national level**: the geographical reference of the **state of the art must be the country where the project will be implemented**. The proposal should demonstrate how it goes beyond this national state-of-the-art
- Proposals going beyond state of the art at national level can meet the minimum threshold of this criterion; however, if a proposal is also going beyond the state of the art at European level, it may receive a higher score

Lessons learned: Degree of Innovation

Describe

Describe relevant state of the art

Include both technological & commercial aspects

Provide quantitative inputs and evidence for:

- Costs
- Technical characteristics & performance
- TRL/SRL

Identify

How does your innovation go beyond state of the art?

- Compare with previous & ongoing EU and IF projects
- Provide geographical reference point

Consider barriers: for scaling up & for technology integration

Evidence

Compare key performance data vs state of the art

Relevant parameters

Consider also energy efficiency and circularity

Provide patent data (when relevant)

Consider how will the innovation be implemented or integrated?

GHG emission avoidance

GHG emission avoidance potential

Purpose

Critical criterion in awarding funding, prioritising projects that demonstrate substantial, measurable, and verifiable reductions.

Incentivises adoption of innovative technologies and practices that deliver emissions reductions beyond business-as-usual scenarios

Part B, sections:

Section 2: GHG emission avoidance potential

- 2.1 Absolute GHG emission avoidance
- 2.2 Relative GHG emission avoidance
- 2.3 Minimum requirements

GHG emission avoidance calculator (mandatory annex)

GHG emission avoidance potential

Minimum Requirements

- **When relevant, the proposal should demonstrate whether the proposed project meets or not the minimum requirements:**
  - For projects producing products with an EU ETS benchmark: the process emissions of the project per unit of product must be below the EU ETS benchmark(s) applicable at the call deadline
  - For projects using biomass feedstocks: the biomass used will at least meet the sustainability requirements of the Renewable Energy Directive
  - All projects must demonstrate compliance with the DNSH principle for the environmental objective 'climate change mitigation'.
  - For all projects: the relative GHG emission avoidance must be:
    - for all topics except INNOVFUND-2024-NZT-PILOTS: at least 50%
    - for INNOVFUND-2024-NZT-PILOTS topic: at least 75%
- **Proposals not meeting minimum requirements will be rejected!**

Recordings available with overview and guidance on the GHG calculations for each project category

- Main principles and step-by-step of the GHG calculation
- Section 2: Energy Intensive Industries (EII)
- Section 3: Renewable Energy Sources (RES)
- Section 4: Energy Storage (ES)
- Section 5: Mobility (MOB)
- Section 6: Credit for carbon capture and storage (CCS) or utilisation (CCU)

GHG methodology

Find here a set of videos on the overview and guidance on the GHG calculations for each project category.

Main principles and step-by-step of the GHG calculation	Energy storage (ES)
Energy intensive industry (EII)	Carbon capture utilisation and storage (CCUS)
Mobility including maritime, road transport and aviation (MOB)	Renewable energy sources (RES)

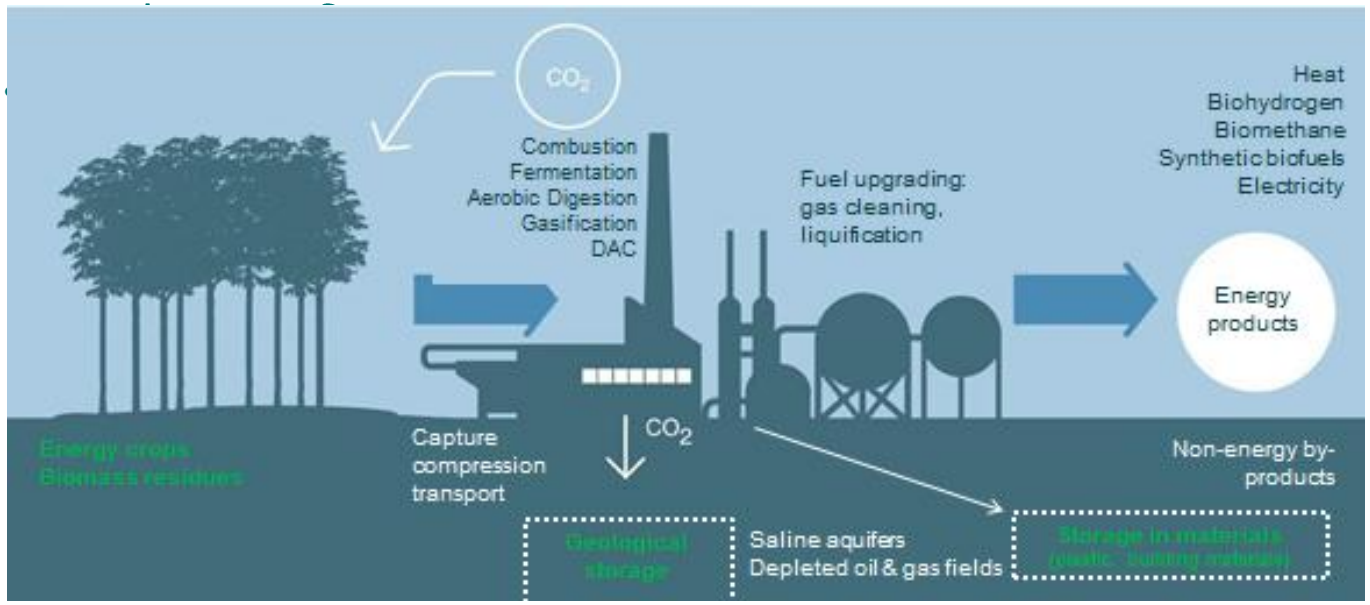
Important reminders

- Read the GHG Methodology carefully, consult the examples of the application of the GHG Calculation Tools available, and the tutorials.

- Questions could be sent to the helpdesk, throughout the call window. The purpose of the helpdesk is to clarify doubts related to the methodology, not to confirm if your calculations are correct. Estimated response time: 7-15 working days from receipt.

Bonus point 1

Bonus Point 1: net carbon removal



- Application form, Part B, Section 6

- The **total project emissions should be negative**
- For EII projects, negative emissions can only be claimed **excluding any credit for timed operation**
- For EII projects: the non-principal products are **not allowed to be the only source** of negative emissions in the projects

Project Maturity

Technical maturity

Financial maturity

Operational maturity

Technical Maturity

Kristine Bitnere

Technical Maturity

Application form, Part B, sections:

Section 0: Technical characteristics and scope and Technology scope

3.1 Technical maturity

Feasibility study (mandatory annex), Template available in the Submission System (under "Part B templates")

Any due diligence report (if any)

Technical Maturity: technical feasibility

Explain the degree of technology readiness of the proposed solution and the technical feasibility of delivering the expected output (e.g. in terms of quality and volume of the products):

- Has the technology already been proven in a pilot scale demonstration?
- Are the characteristics of the proposed plant credible and in line with basic engineering principles?
- Are the technical assumptions realistic and conform with the state of technology development?

Technical feasibility

Provide a summary of the following information provided in the feasibility study annex:

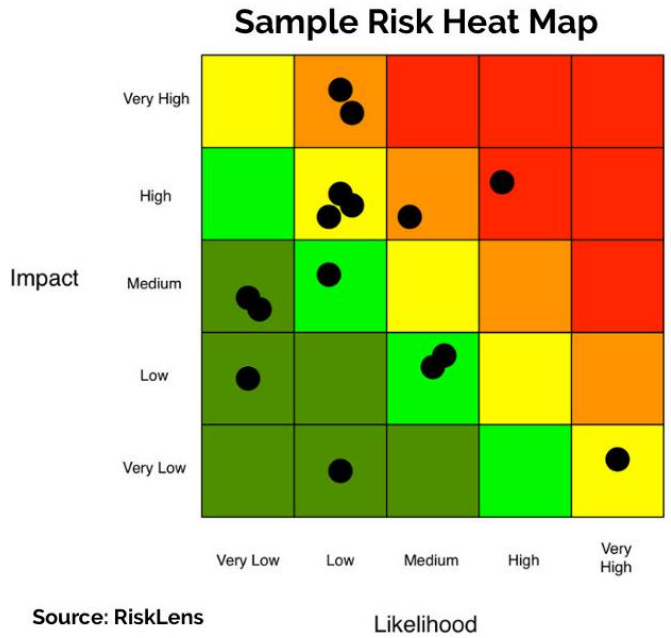
- *project description, including:*
  - *block flow diagrams (if applicable)*
  - *technical and operational requirements*
  - *for maritime sector projects: the description of the existing vessel(s) (if applicable) and details on the operational area, shipbuilding location and servicing network*
- *technical maturity, including:*
  - *assumptions used for operational characteristics*
  - *technology readiness level*
  - *process flow diagram(s)*
  - *schematic (preliminary) layout(s) and design(s) (including capacities)*
  - *mass and energy balances (including before and after the project, if applicable)*
  - *volume of the final product(s)*
  - *technical assumptions and figures used for the estimation of the GHG emissions avoidance.*

- Provide robust and credible assumptions used for operational characteristics of the plant and estimation of the expected outputs
- Provide clear reference to relevant parts of the Feasibility study and other supporting documents
- For maritime sector projects: the description of the existing vessel(s) (if applicable) and details on the operational area, shipbuilding location and servicing network

Risk analysis and management

Risks are included **only** in the Feasibility Study (mandatory annex) which must:

- Describe key risks that could impact the technical feasibility of the proposed technology/process
- Describe the impact if the risk materializes and the proposed risk mitigation measures and explain why they are suitable
- Summarize your analysis in a table (see template)
- Provide a risk heat map



Source: RiskLens

Financial Maturity

Maria Jesus BAEZ

Financial Maturity award criterion

Objective: assess the project's ability to reach Financial Close as soon as possible and no later than 48 months after GA signature

Business plan

Credibility of the business **model and** plan

Robustness of cash flow projections and viability

Financing plan

Soundness of the financing plan

Solidity and commitment of project funders

Risks

Understanding of business and financial risks

Mitigation measures

Financial Maturity - key documents (1/2)

Relevant proposal sections and mandatory annexes to be provided

- **Business plan (mandatory annex)** - IF template highly recommended
- **Application Form Part B** - Financial maturity (section 4.2)
- **Financial Information File ('FIF') - (mandatory annex)** - To be filled with projections over expected project lifetime - includes the Relevant costs calculation, the grant disbursement schedule and the cost efficiency ratio calculation
- **Applicant's detailed Financial Model (mandatory annex)-** Project assumptions (i.e. with use of formulas, no hard coded figures, nor macros); funding sources and uses; forecasted P&L, cash flow and balance sheet statements, sensitivity analysis

Financial Maturity – key documents (2/2)

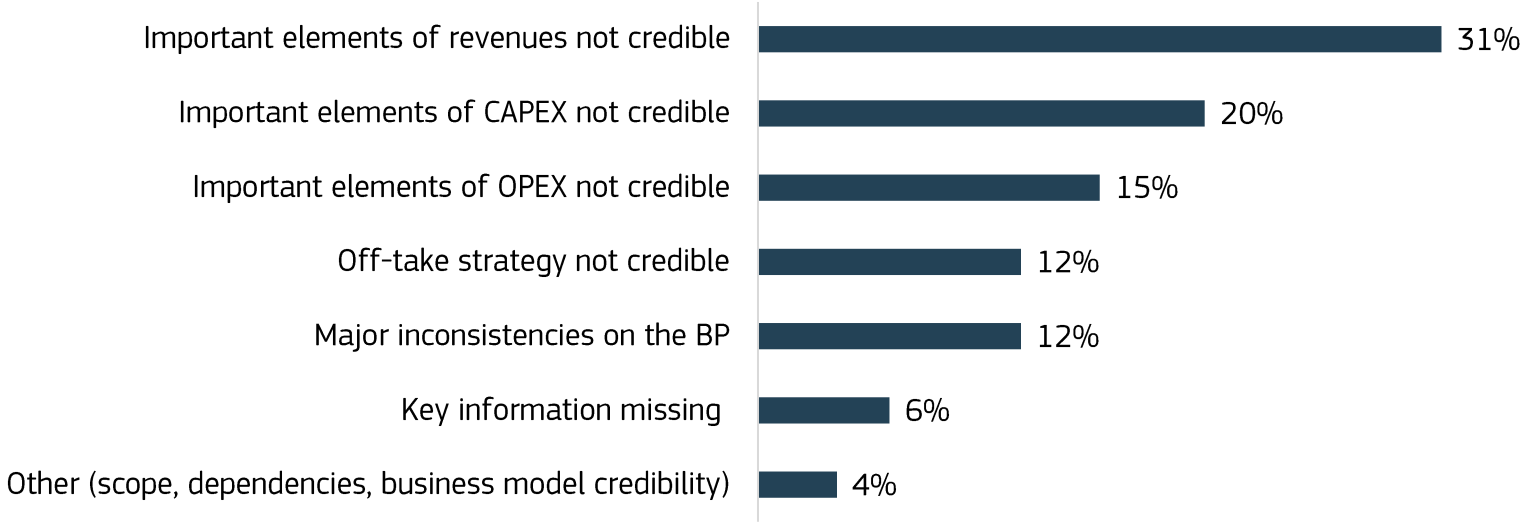
Relevant proposal sections and mandatory annexes to be provided

- **Project shareholders' financial resources (mandatory annex)** - Financial statements over last 3 years – further guidance in Annex 3
- **Project funding support (mandatory annex)** - Minimum requirements in call text Annex 3
- **Project contract terms (mandatory annex)**- Minimum requirements in call text Annex 3
- **Any existing due diligence report (optional – supporting document)**

Lessons Learned IF24 Call

92 proposals (out of 291 proposals passing A&E) failed under Financial Maturity with 53 proposals failing on FM only (18% of evaluated proposals)

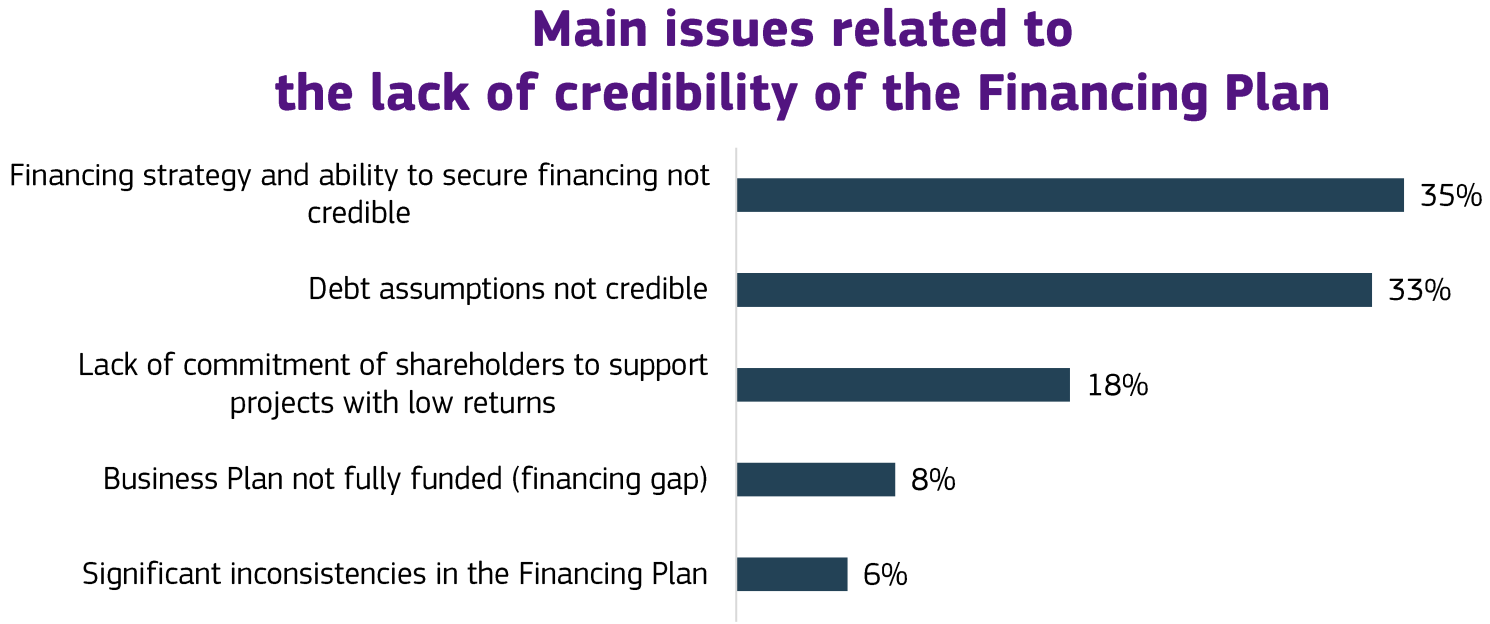
Main issues related to the lack of credibility of the Business Plan



- Fully **describe, substantiate and evidence the main revenues, CAPEX and OPEX assumptions** and include a **detailed breakdown** for all assumption of the Business Plan
- See **Annex 3** of call text for minimum requirements on project contract terms

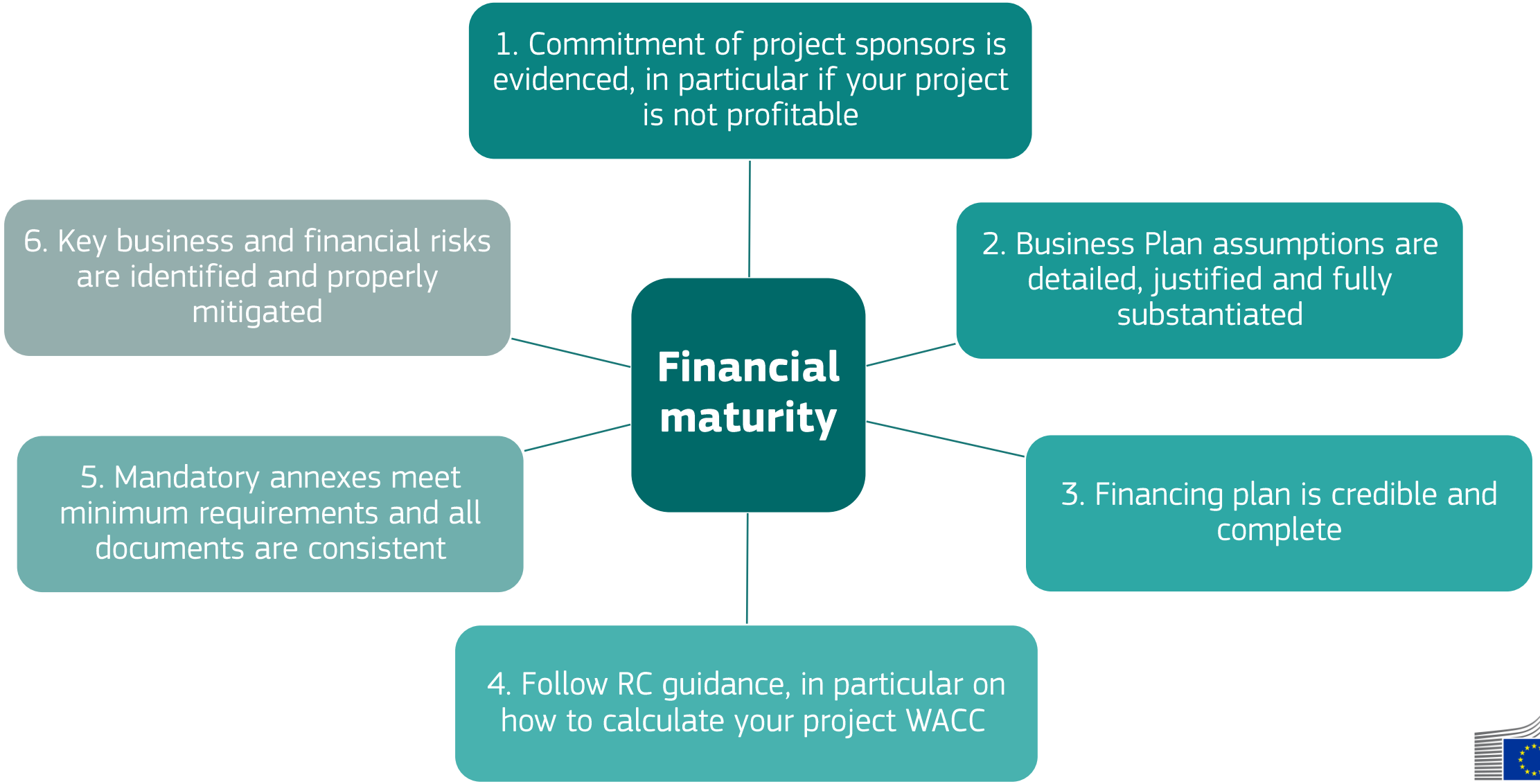
Lessons Learned IF24 Call

92 proposals (out of 291 proposals passing A&E) failed under Financial Maturity with 53 proposals failing on FM only (18% of evaluated proposals)



- Clearly **identify all funding sources** with their terms and conditions and the progress made in defining and/or negotiating them with funding counterparts.
- Provide **financial statements of the shareholder entities** and **evidence for debt assumptions**
- See **Annex 3** of call text for minimum requirements on project funding support

6 Golden Rules of Financial Maturity



Operational Maturity

Kristine Bitnere

Project Maturity: Operational Maturity

Application form, Part B, sections:

3.3 - Operational maturity

7.1 - Work Plan

7.2 – Work Packages, activities, resources and timing

Timetable-Gantt chart (mandatory document)

Participant information, including CVs and previous projects, if any (mandatory document)

Feasibility Study (mandatory document), follow the template

Due diligence report (if any)

Permits, licences, authorisations (if any)

Replicability

Kristine Bitnere

Replicability

Application form, Part B, sections:

- 4.1 – Replicability
  - Replicability in terms of efficiency gains and multiple environmental impacts
  - **Compliance with DNSH TSC criteria for environmental objectives other than 'climate change mitigation'**
  - Contribution to Europe's industrial leadership and competitiveness
- 4.2 - Knowledge sharing — Communication, dissemination and visibility

Do No Significant Harm Principle

Rowan STEELE

‘Do No Significant Harm’ (DNSH) in the IF

Requirements

- Innovation Fund must ensure[1] that all projects (both auctions and regular grants) meet “do no significant harm” criteria from IF25 onwards
- Screening must be done against the **Technical Screening Criteria (TSC)** listed in the Climate Delegated Regulation and Environment Delegated Regulation supplementing the EU Taxonomy Regulation

Key Points

- Not all EU Taxonomy obligations apply (e.g. no need for ‘significant contribution’)
- **All previously eligible sectors remain eligible** to the Innovation Fund, with conditions

Environmental Objectives

Climate Change Mitigation	Climate Change Adaptation
Water and Marine Resources	Circular Economy
Pollution Prevention and Control	Biodiversity and Ecosystems

[1] *Article 10f of the ETS Directive*

DNSH Assessment & Compliance Process

Application

DNSH Compliance Plan

End of Operation

DNSH Compliance Report

Evaluation of DNSH Compliance Plan

Additional monitoring and verification may be added during the Grant Agreement Preparation Phase

Report demonstrating DNSH Compliance throughout the project lifetime

Preparing the DNSH Compliance Plan

Step 1	• Select relevant economic activity(ies)
Step 2	• Find Technical Screening Criteria (TSC) for those activities • Assess compliance and identify necessary actions
Step 3	• Prepare the DNSH Compliance Plan for Application Form Part B

Cost efficiency / Relevant costs calculation

Maria Jesus BAEZ

Cost efficiency award criterion

- **Cost efficiency is split in two sub-criteria:**
  - Cost efficiency ratio – automatic score
  - Qualitative assessment on the computation of Relevant costs and the Cost Efficiency ratio
- Cost efficiency ratio level has **minimum requirements**

(a) for all topics (except Pilots):

If cost efficiency ratio is *lower than or equal to* **€200/tCO_2eq**, score will be based on formula

12 – (12 x (cost efficiency ratio/200)

If cost efficiency ratio is *higher than* €200/tCO_2eq, proposal will be **rejected** under 'Quality of the cost calculation and min requirements'

(b) for Pilots:

If cost efficiency ratio is lower than or equal to **€2000/tCO2eq**, score will be based on formula

12 – (12 x (cost efficiency ratio/2000)

If cost efficiency ratio is higher than €2000/tCO2eq, proposal gets **zero score** under 'Quality of the cost calculation and min requirements' but is **NOT rejected**

Cost efficiency criterion- key documents

Relevant proposal sections and mandatory annexes to be provided

Please use to the **Relevant Costs methodology** as reference document

- **Application Form Part B-** Relevant cost and cost efficiency ratio (section 7.1)
- **Financial Information File ('FIF') / detailed financial model**
- **Other annexes (see section 5 of the call text)** - Only for projects using 'reference plant' calculation methodology for relevant costs

Cost efficiency ratio

Requested Innovation Fund grant + other public support

=

Absolute GHG emission avoidance

During 10 years after entry into operation

Maximum requested IF 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 Efficiency ratio'

Relevant Costs: Definitions

Relevant costs ("RC") = The Relevant Costs shall be the net extra costs that are borne by the project proponent as a result of the application of the innovative technology related to the reduction or avoidance of the GHG emissions.

Relevant costs =
best estimate of CAPEX and NPV of OPEX, Maintenance CAPEX net of Revenues and Operational Benefits of the project over a 10-year period

The estimation of relevant costs should not include (examples):

- Expansion Capex incurred after entry into operation
- Terminal Value
- Any costs incurred prior to Innovation Fund grant submission
- Depreciation

*Please refer to the **RC methodology** for full list of non-eligible items*

Relevant Costs - what has changed?

- Clarification based on FAQ in the Helpdesk - for instance:
  - the duration of the financial projections – over expected project lifetime
  - rules on lease financing - applicable to all projects
  - treatment of revenue arising from decommissioning – if any during first 10 years of operation
- Additional guidance on boundaries for Relevant Costs calculation and revenue/cost assumptions for integrated projects
- Update of the list of other excluded items – for example:
  - Acquisition of producing assets/facilities commissioned and under operation before submission
  - In-kind contributions
- Update of definitions in Glossary definition (i.e. CAPEX, Lease, Operational Benefit, OPEX, Project lifetime)
- Simplification of the WACC computation
- Update on rules related to cumulation with other public support

Weighted Average Cost of Capital (WACC)

- Cost of equity:

  *Re = Rf + (β * ERP)+ IP*

  - Rf = risk free rate
  - *β* = beta of the project
  - ERP = equity risk premium
  - IP = innovation premium

Estimation

- **Rf:** use values in the RC methodology (appendix 2)
- **Beta** : fixed value of 1
- **ERP:** default value of 6% should be applied, with the potential for a +/- 2% adjustment if properly justified by applicants (lack of justification may be penalized)
- **Innovation premium:** default value of 2.5% should be applied, with the potential to increase to 3% upon justification for highly innovative projects (lack of justification may be penalized)

- Cost of debt:

  Rd = base rate + credit spread

- Base rate: swap rates consistent with average debt maturity
- Credit spread: based on terms expected by debt providers, in line with market standards

Bonus points 2 and 3

Kristine Bitnere

Bonus point 2: SMEs

- Only for projects **coordinated and implemented by small and medium-sized enterprises** (SMEs)[44] as defined in the EU SME Recommendation 2003/361

- Application form, Part B, Section 6

Bonus point 3: Maritime sector projects

Only for projects in the maritime sector!

- Application form, Part B, Section 6
- Projects that have a demonstrated potential for decarbonising the maritime sector and reducing its climate impacts.

Innovation Fund 2025 Hydrogen Auction

Kristine BITNERE

10 December 2025

European Commission

The IF25 Hydrogen Auction: Overview

Production of Hydrogen in Europe – EUR 1.3 Billion

Topic 1:

- Budget: **EUR 600 M**
- Product: **RFNBO H2**
- Off-takers: **no restriction**

Topic 2:

- Budget: **EUR 400 M**
- Product: **RFNBO H2 and Electrolytic Low Carbon H2**
- Off-takers: **no restriction**

Topic 3:

- Budget: **EUR 300 M**
- Product: **RFNBO H2 and Electrolytic Low Carbon H2**
- Off-takers: **Restricted to aviation or maritime off-takers**

General eligibility conditions

- Location of the project: **within the EU/EEA** (no virtual production)
- Installed capacity: min. **5 MWe, new** capacity, **single location** (no virtual capacity pooling)
- Projects must limit the sourcing of electrolysers and its components from China
- Off-takers: restrictions depending on the topic
- Bid ceiling price: **€ 4 / kg RFNBO or Electrolytic Low Carbon Hydrogen (ELC)**
- Maximum size of the grant: **Topic budget for all topics**

Key implementation arrangements

- Financial close: within **2.5 years** after signing Grant Agreement
- Entry into Operation (EiO): within **5 years** after signing Grant Agreement
- Completion guarantee: **8%** of the requested grant - *covers reaching Financial Close & EiO under the call requirements*
- Payments: no payments before EiO; then, **biannual** basis - €/kg of Hydrogen produced, **certified & verified (RFNBO and/or ELC)** for a maximum period of **10 years**

Call & assessment structure

RELEVANCE

(pass/fail)

- Contribution to **objectives of the call**
- Achieving **security of supply of essential goods** & **contribution to Europe's industrial leadership & competitiveness**

QUALITY

(pass/fail)

- Technical maturity
- Financial maturity
- Operational maturity

RANKING

- according to the bid price (€/Kg H_2)
- within the limits of the available budget

Mandatory annexes

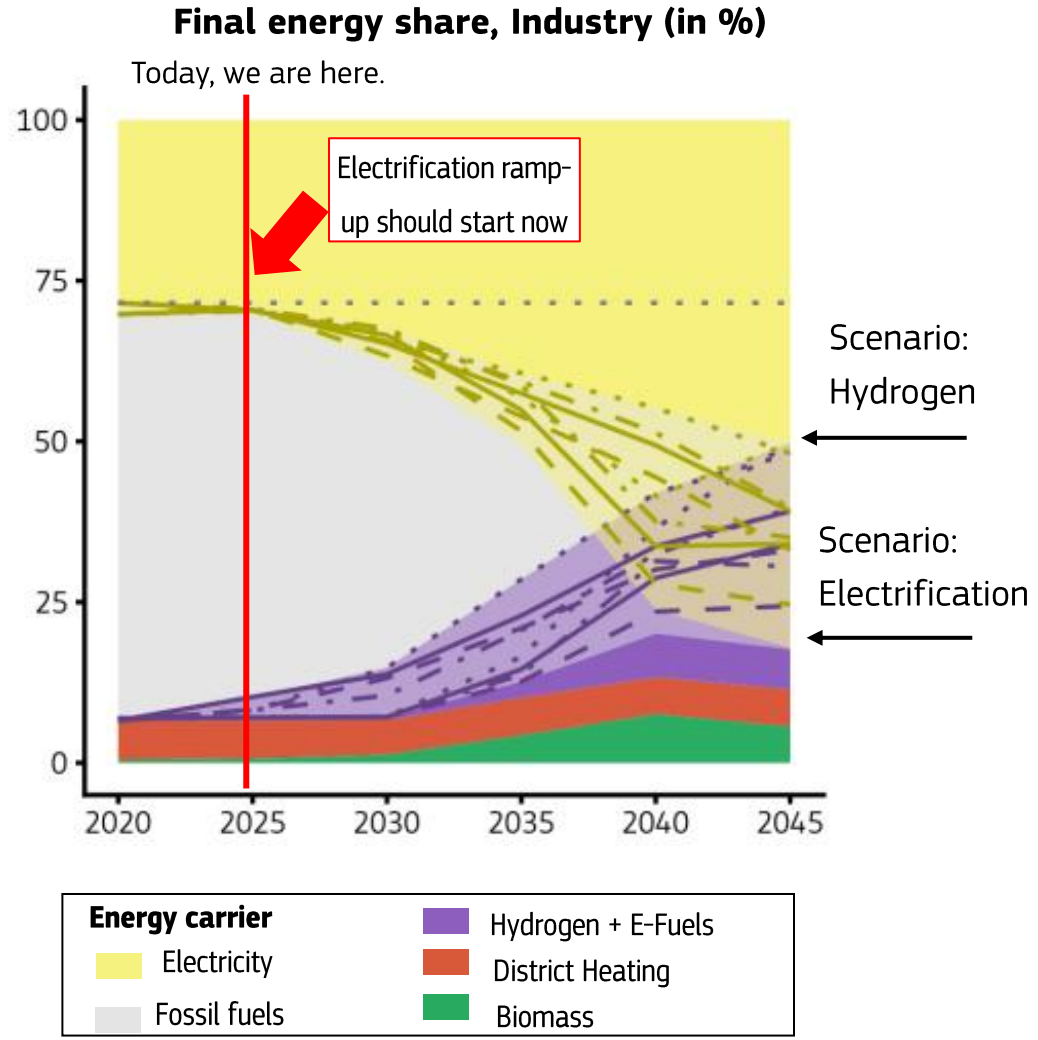
1. *Detailed budget table/ calculator*
2. *Participant information*
3. *Timetable/ Gantt chart*
4. *Feasibility Study*
5. *Sourcing strategy - Electricity sourcing supporting evidence*
6. *Off-take strategy - Hydrogen off-take supporting evidence*
7. *Procurement strategy - Electrolyser procurement supporting evidence*
8. ***Support to project – Equity supporting evidence***
9. *Environmental permits –evidence of initiated process*
10. *Grid connection permits –evidence of initiated process*
11. *Completion guarantee letter of intent*
12. *Extended part C form*

IF25 Heat Auction: Objectives and design

Rowan STEELE

Why decarbonisation of industrial process heat?

- Electrification: **main vector of industry decarbonisation by 2030** and beyond
- Industrial process heat today **is largely fossil fuels based**, only 4% of industry's energy needs for process heat are electrified
- **Cost gaps** compared with fossil-fuels-based technologies **hinder market ramp-up**
- Type of projects **underrepresented in IF portfolio**
- With such a large potential across the EU, applications are possible by companies of **all sizes, in all industrial sectors** and in **all EEA countries**



Data: Falko Ueckerdt et al. (2021): *Taking off despite uncertainties: Key points of an adaptable hydrogen strategy. How policymakers can find hydrogen pathways to climate neutrality by 2045. Ariadne policy brief*

The heat auction in a nutshell

Objectives:

- Reduce **GHG emissions cost-effectively** by supporting the **market ramp-up** of **industrial process heat decarbonisation technologies**
- Act as a pilot for the **Industrial Decarbonisation Bank as** announced in the Clean Industrial Deal

Eligible technologies:

- Projects **that electrify industrial process heat** via technologies such as heat pumps, electric boilers, resistance heating, induction heating, plasma torches, electric shockwave heating
- Projects **that use direct renewable heat** (solar thermal and geothermal) for industrial processes
- **Hybrid projects** of the above-mentioned technologies

Auction Topics and eligible activities

Medium Temperature Small Scale

- € 150 Million + Spanish AaaS of € 30 Million
- >=3 <5 MW_{th}
- 100-400 ºC
- €100 Million max grant amount

Medium Temperature Larger Scale

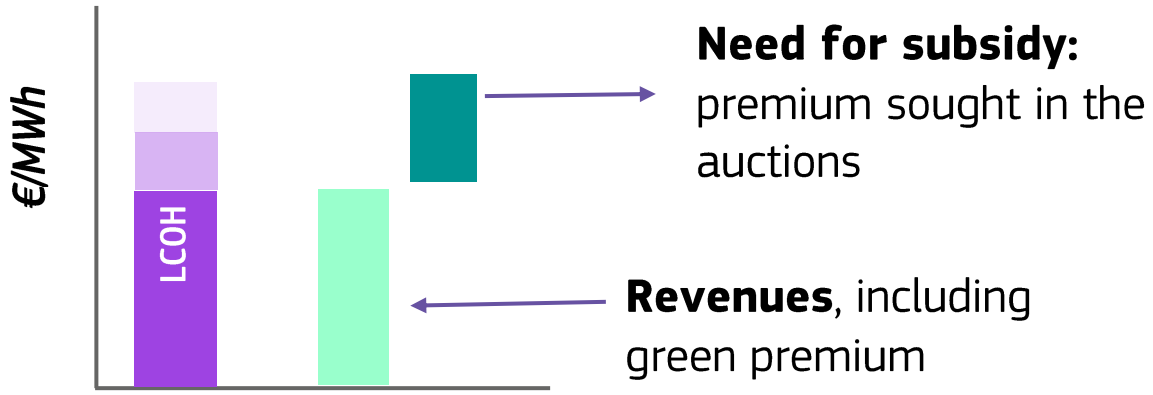
- € 350 Million + Spanish AaaS of € 20 Million
- >=5 MW_{th}
- 100-400 ºC
- €100 Million max grant amount

High Temperature

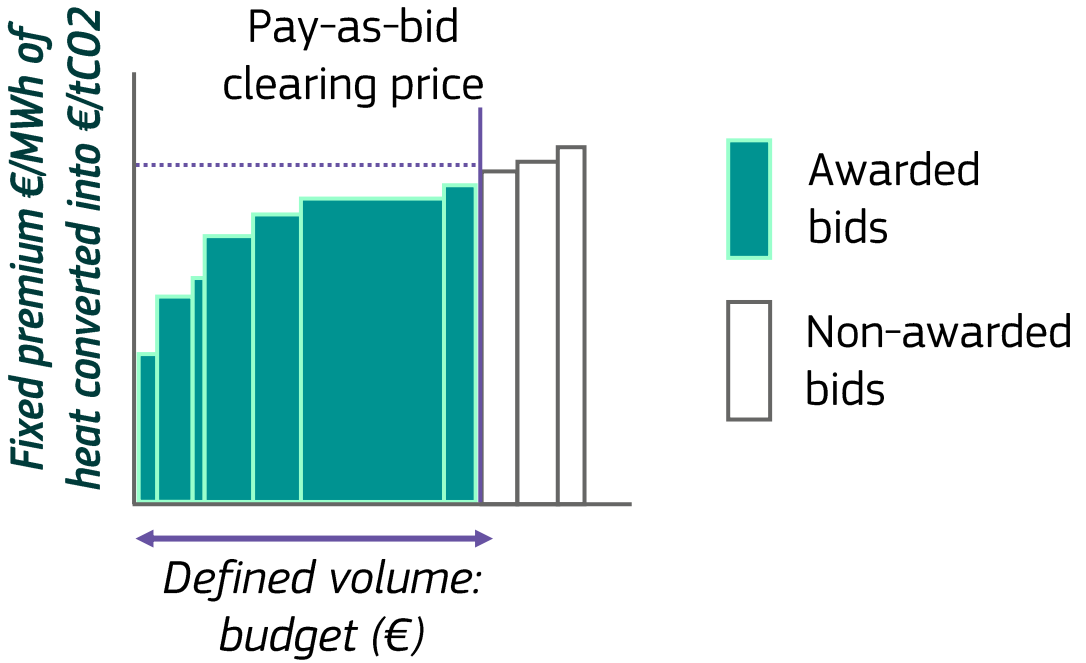
- € 500 Million
- >=3 MW_{th}
- >400 ºC
- €250 Million max grant amount

Auction Design: (1) bid ranking

Fixed-premium auction



Bids ranked on price only
MWh of heat are converted into tCO_2



Auction Design: (2) qualifications

WHAT

- **Admissibility**
- **Eligibility**
- **Relevance:** will the project produce decarbonized heat (with electrified or direct RES solution)? **Will it lead to the direct GHG abatement?**
- **No 'resilience' requirements** for heat equipment or components because no established dependencies (or risks)
- **Quality:** is the project sufficiently mature (basic technical, financial, and operational maturity checks)?
- **Do No Significant Harm (DNSH) check**
- **A financial capacity and legal entity check** before the grant agreement to ensure that successful applicants can implement the project

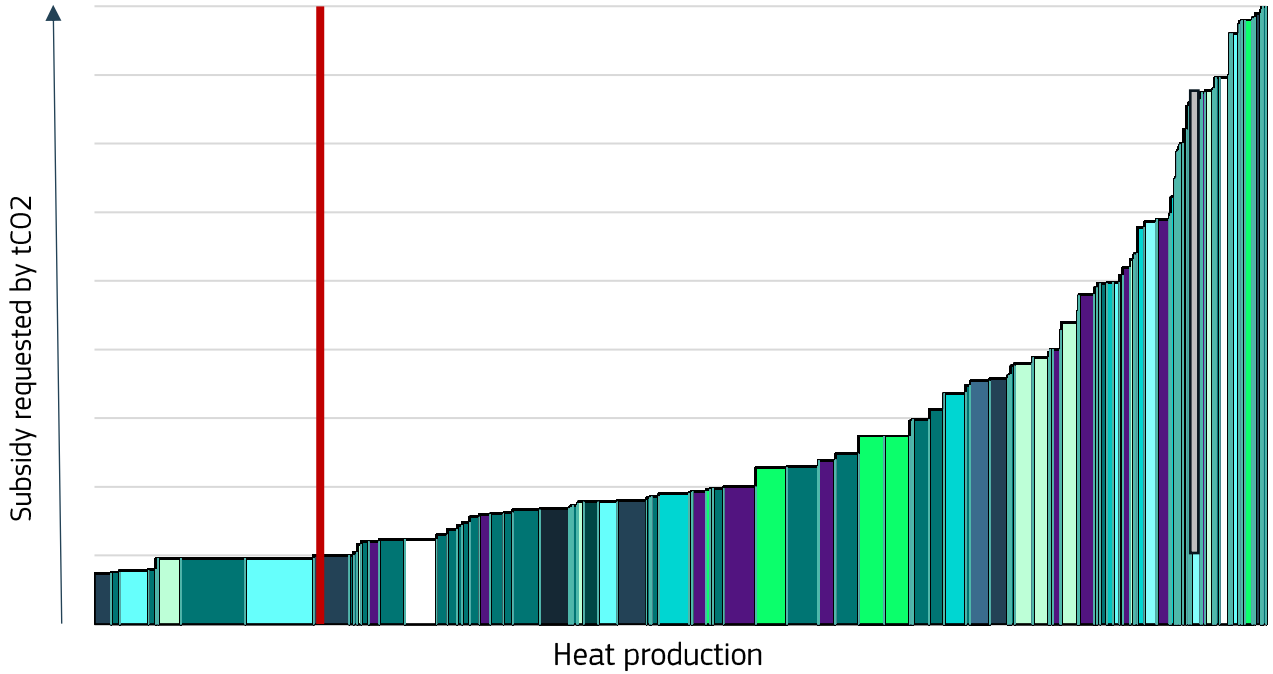
HOW

- **Pass/Fail assessment**
- **Application Form A, B, C**
- **Mandatory documents**
  - Participant information
  - Cost calculator
  - Timetable/Gantt chart
  - Feasibility study
  - Permits, licences and authorisations
  - Completion guarantee letter of intent
  - Others: Heads of Terms or other forms of pre-contractual signed term sheets (from equipment providers, suppliers, off-takers), Equity supporting evidence

Bid ranking

- The heat auction has a **total budget of EUR 1 billion** ('constraining value' of the auction)
- Bids will be ranked on price forming a **bidding/merit order curve**
- Bids also need to pass **qualification requirements**
- The auction will be cleared where the budget is exhausted **(clearing price)**
- The **number** of projects and **volume** of heat supported is thus a function of the available budget and the size and prize of submitted bids within given topics.

Example of an auction bidding curve



Bid definition: Subsidy for GHG Abatement

Project Input:

€/MWh

Automatic Conversion with **applicants choosing** either:

1. the **phase 4 ETS heat benchmark** (default) *or*
2. the **emissions factor** of the fuel replaced in the installation

Bid:

€/tCO_2

- Incentivises decommissioning of fossil fuel installations
- Choice of bidders
- Bidders must provide proof of decommissioning if selecting option #2

Natural gas	0.202 tCO2/MWh
Hard coal	0.341 tCO2/MWh
Lignite	0.364 tCO2/MWh
Heating oil	0.264 tCO2/MWh

Bid definition: flexibility requirements

Objective: supporting electricity grid balancing and avoid emissions/system costs linked to peak hours – flexible demand or energy storage are encouraged.

Option 1: Default

- Maximum payment equal to 70% of hours

Option 2: Flexible Ramping Schedule

- Maximum payment equal to 80% of hours
- Indicate can follow a flexible ramping schedule
- Checked ex-post, penalties apply if not implemented

Option 3: Energy Storage

- Maximum payment equal to 100% of hours
- Storage sufficient to replace electricity consumption from the grid for 4h by 20% within 1h
- Checked ex-ante only

Option 4: Heat Pump/Direct Renewables

- Maximum payment equal to 100% of hours
- Heat Pumps with CoP > 2.0; or
- Direct Renewable Heat

Main technology eligibility requirements

Eligible

- **Industrial process heat electrification technologies, e.g.:**
  - Heat pumps
  - Direct and indirect resistance heating
  - Electromagnetic and dielectric heating
  - Plasma heating
- **Direct renewable heat technologies** (solar-thermal or geothermal)
- **Combination** of the above

Not Eligible

- Non-heat processes in industry
- Heat production for space heating or sale to district heating
- **Electric arc furnaces** for steel-making
- **Electrolysis processes** (e.g. in the aluminium sector)
- **Biomass or hydrogen** use
- Projects that involve **new fossil fuel-fired capacity** (except glass furnaces or where technical/safety restrictions exist)
- Heat pumps can reuse waste heat from (existing) industrial processes **but not from power generation, district heating, waste incineration**
- Activities which do not comply with **Do No Significant Harm** principle

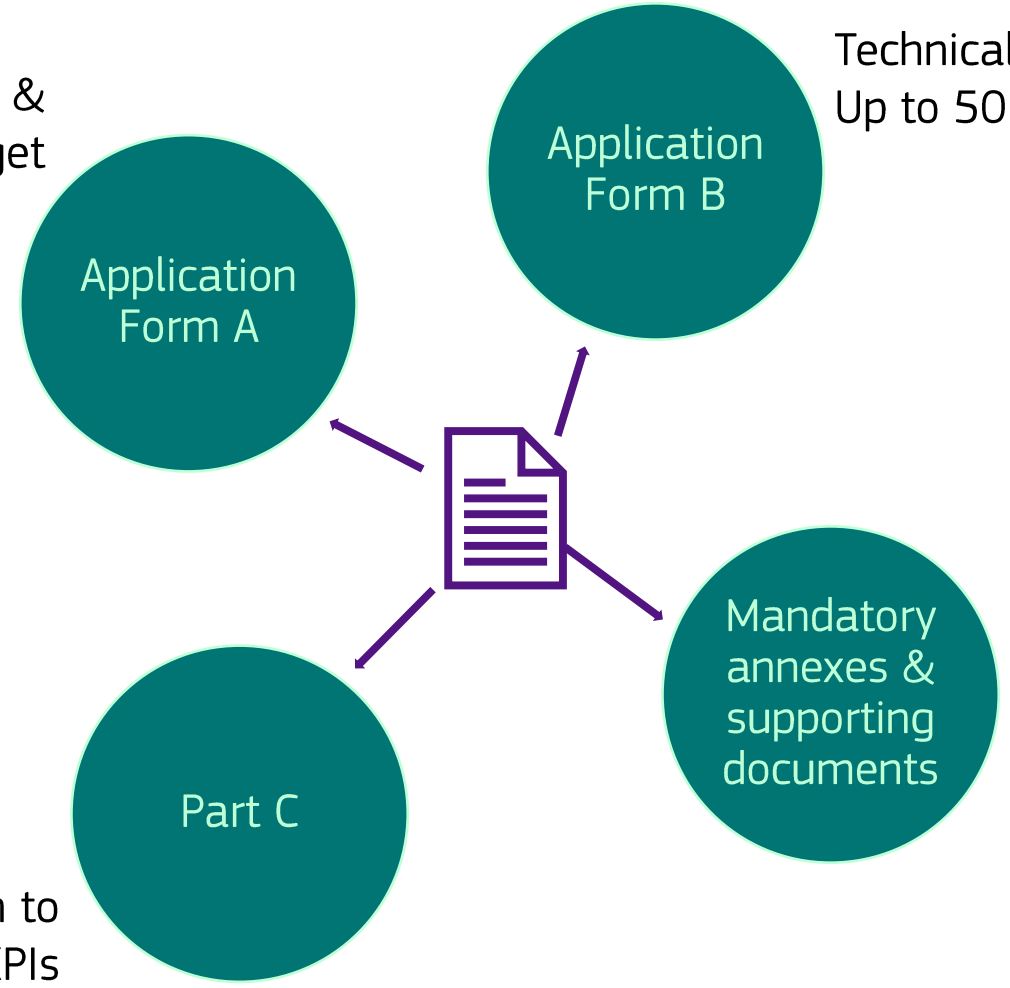
Obligations

Max time to reach Financial Close	• **2 years** after signing the Grant Agreement • Demonstrating that all contracts are signed and conditions in them fulfilled • To be **approved by the granting authority** • **Sanctions:** the grant agreement terminated, calling the completion guarantee
Max time to reach Entry into Operation	• **4 years** after signing the grant agreement. • **Demonstrating as operational a nameplate thermal capacity** (and eligible temperature levels) for the equipment of at least 100% of that expressed in the bid. • To be **approved by the granting authority**. • Sanctions: the grant agreement terminated, calling the completion guarantee
Reporting every 6 months after EiO	• **Direct or indirect measurement of industrial process heat volume** and **temperatures** according to ISO 50001 management system • Automatic formula will translate it into the **GHG abatement** • **Level of output should not decrease below 30% of expected annual volume (for 3 years in a row)**

Application process – *Admissibility and compulsory documents*

Proposals ***must*** be:

1. submitted before the call deadline
2. submitted electronically
3. complete
4. readable, accessible, printable



Application process – *Eligibility (1 / 2)*

Eligible Activities

Production of industrial process heat and resulting in GHG abatement by:

- Projects **electrifying industrial** process heat via technologies such as heat pumps , direct and indirect resistance heating, electromagnetic and dielectric heating, plasma heating; or
- Projects using **direct-renewable** (solar thermal or geothermal) heat for industrial heat processes ; or
- **Hybrid projects** of the above-mentioned technologies.

Not Eligible Activities

- activities that do not comply with the '**do no significant harm**' principle
- heat production for **space heating** or sale to **district heating**
- **biomass or hydrogen** use for industrial heat production
- **electrolysis processes** (e.g. in the aluminium sector)
- **electric arc furnaces for steel making**
- installation of **new fossil fuel-fired capacity** as part of the same installation as concerns the project

The completion guarantee

- **Letter of Intent** for completion guarantee to be submitted with the proposal
- **6% of the maximum grant amount** in EUR
- **Guarantee** to be issued two months after receiving the evaluation results
  - The guarantee should be issued by an approved bank/financial institution established in an EEA (with adequate rating)
  - The guarantee shall be valid from the date of issuance until **6 months after the maximum time to EiO**
- For LoI and the guarantee itself, a **template will be made available and will be mandatory**
- If EiO is reached earlier, the guarantee can be released earlier

- When **will** the **completion guarantee** be **called** by the granting authority?
  - if the project does not reach entry into operation within 4 years (after signing the grant agreement)

The Guarantee **may be called**

if the project does not reach financial close within 2 years

Next Events

Jan/Feb 2026 – National Info Days: **More information**

SAVE THE DATE

2026 Cleantech Conference

19 May 2026 | *Brussels, Belgium*

The European Climate, Infrastructure and Environment Executive Agency (CINEA)

Sign up as an EU expert for the INNOVATION FUND

Deploying innovative net-zero technologies for climate neutrality

More information here:

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Thank you