

# INNOVATION FUND

## PILOT AUCTION FOR RENEWABLE H<sub>2</sub>

### INNOVATION FUND

Driving clean innovative technologies towards the market

#### Purpose

The [Innovation Fund](#) (IF) is one of the world's largest funding programmes for the demonstration of innovative low-carbon technologies. The Innovation Fund aims to demonstrate and commercialise industrial solutions to decarbonise Europe and support its transition to climate neutrality. It is financed by revenues from the European Union Emission Trading System (EU ETS) and remaining funds from the NER 300 programme. Until now, the Innovation Fund has used a selection procedure based on multiple award criteria defined in its legal basis and call-specific scoring and ranking mechanisms.

#### About IF Pilot Auction for Renewable H<sub>2</sub>

The programme is designed to cost-efficiently support the production of renewable fuel of non-biological origin (RFNBO) hydrogen within the European Economic Area. RFNBO hydrogen under this programme needs to be produced by new production capacity. The Innovation Fund Pilot Auction for Renewable Hydrogen (IFPARH2) establishes a fixed premium in the form of payment per unit of verified and certified RFNBO hydrogen production. This form of competitive bidding mechanism will be only driven by ranked prices.

#### Funding Information

The total available Innovation Fund budget of EUR 800 million is the constraining value of the auction and is known in advance.

The total RFNBO hydrogen volume for which support will be awarded derives from the total available budget and the individual bids' prices and volumes.



#### Grant Calculus

The maximum grant amount is limited to one third of the total call budget. It's calculated as follows:

$$\left[ \text{Bid price in } \frac{\text{€}}{\text{kg}} \right] \cdot \left[ \text{expected average yearly volume in } \frac{\text{kg}}{\text{year}} \right] \cdot 10 \text{ years}$$

#### Economic and Term Conditions:

- No special rules regarding technologies, off-takers, regions or suppliers
- Maximum grant 33% of €800M (€266.7M); semi-annual payment
- Minimum project size 5MW
- Ceiling price €4.5 per kg of H<sub>2</sub>
- Max. realisation period for Financial Close and Entry into Operation, 5 years
- Underperformance threshold fixed at 30% below bid for 3 years
- Required Lol from a financial institution for completion guarantee
- Required certification that total H<sub>2</sub> volume achieves at least 70% GHG savings (Delegated Act rules) – at project end

#### Expected Deadlines

8 February 2024

*“The experience was nothing short of exceptional. From start to finish, their team of experts guided us through the complex and often overwhelming process – complete process from Funding Fit Assessment, Pre-Application Support throughout the Application Process, following Grant Agreement Preparation. Moreover, now, we are closely collaborating with Nordic Innovators on implementing the successful project.”*

Jan Halvard Aas Møller,  
CFO Biozin Holding SustainBase

# Highly mature projects for renewable H<sub>2</sub> production

## Demonstration of High Mature Projects

On the contrary of what's defined for other IF call's where the way of demonstrating the degree of maturity is under participants responsibility, in IFPARH2 a list of the following documents should be provided to demonstrate the project maturity:

- PPA: MoU or Lol for, 10-year PPA, 90% of electricity usage
- HPA: MoU or Lol for fixed-price, 5- year min. HOA on 100% volume
- Lol from a bank (min. rating BBB/Baa2) to issue the completion bond
- Proof of advanced conversation with environmental permit authority
- Proof of advanced conversation with grid provider
- Financial information File

## Not allowancies in the IFPARH2

- Cumulation with aid for hydrogen producers' CAPEX or OPEX
- Reductions from levies or taxes that reflect part of the cost of providing electricity to the beneficiaries
- The renewable electricity installation (entering after 1 January 2028) from which power is sourced cannot receive State aid
- RFNBO hydrogen producers cannot have off-take contracts with consumers/be part of integrated projects that benefit from aid for operational costs, which affects their renewable hydrogen consumption levels and/or the levels of output



## Required Documentation:



Part A: Participant Data



Part B: Written application



Part C: Key KPIs



Business Plan & Gantt



Calculator/financial information file (FIF)



Strategies for: Renewable energy, H<sub>2</sub> off-take and price, electrolyzer procurement and grid connection



Evidence of: Permit process initiation and completion guarantee from bank or financial institution



Technical Feasibility Study

# IF Pilot Auction for Renewable H<sub>2</sub> Process

Nordic Innovators takes the lead on the preparation and submission of a high-quality written application. Our collaborative approach to developing an IFPARH2 application ensures timely delivery of a strong application.

