



# **Innovation Fund (INNOVFUND)**

## Call for proposals

Innovation Fund call 2023 Net Zero Technologies  
(INNOVFUND-2023-NZT)

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## EUROPEAN CLIMATE, INFRASTRUCTURE AND ENVIRONMENT EXECUTIVE AGENCY (CINEA)

CINEA.C – Green Research and Innovation  
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<b>HISTORY OF CHANGES</b>		
Version	Publication date	Change
1.0	23.11.2023	▪ Initial version.
1.1	20.12.2023	▪ Section 10: errata correction on cost eligibility starting date
1.2	21.02.2024	▪ Section 6: EU/EEA reference update; section 9: footnote 34 update

## CALL FOR PROPOSALS

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## 0. Introduction

This is a call for proposals for EU **action grants** in the field of demonstration of innovative low-carbon technologies under the **Innovation Fund**.

The regulatory framework for this EU Funding Programme is set out in:

- Regulation 2018/1046 ([EU Financial Regulation](#))
- the basic act (Innovation Fund Regulation [2019/856](#)<sup>1</sup> and [ETS Directive 2003/87](#)<sup>2</sup>).

The call is launched in accordance with the 2023 Financing Decision<sup>3</sup> and will be managed by the **European Climate, Infrastructure and Environment Executive Agency (CINEA)** ('Agency').

The call covers the following **topics**:

- **INNOVFUND-2023-NZT-GENERAL-LSP – General decarbonisation - Large-Scale Projects**
- **INNOVFUND-2023-NZT-GENERAL-MSP – General decarbonisation - Medium-Scale Projects**
- **INNOVFUND-2023-NZT-GENERAL-SSP – General decarbonisation - Small-Scale Projects**
- **INNOVFUND-2023-NZT-MANUFACTURING - Clean-tech manufacturing**
- **INNOVFUND-2023-NZT-PILOTS - Pilot projects**

Each project application under the call must address only one of these topics. Applicants wishing to apply for more than one topic, must submit a separate proposal under each topic.

We invite you to read the **call documentation** carefully, and in particular this Call Document, the [Guidance on the GHG emission avoidance methodology](#), the [Guidance on the relevant cost methodology](#), the Model Grant Agreement, the [EU Funding & Tenders Portal Online Manual](#) and the [EU Grants AGA – Annotated Grant Agreement](#).

These documents provide clarifications and answers to questions you may have when preparing your application:

- the Call Document outlines the:

<sup>1</sup> Commission Delegated Regulation (EU) 2019/856 of 26 February 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council with regard to the operation of the Innovation Fund (OJ L 140 28.5.2019, p. 6).

<sup>2</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community (ETS Directive) (OJ L 275, 25.10.2003, p. 32).

<sup>3</sup> Commission Implementing Decision C(2023)7827 final of 22 November 2023 on the financing of actions under the Innovation Fund, serving as the financing decision for 2023 and as a decision launching calls for proposals.

- background, objectives, scope, activities that can be funded and the expected results (sections 1 and 2)
- timetable and available budget (sections 3 and 4)
- admissibility and eligibility conditions (including mandatory documents; sections 5 and 6)
- criteria for financial and operational capacity and exclusion (section 7)
- evaluation and award procedure (section 8)
- award criteria (section 9)
- legal and financial set-up of the Grant Agreements (section 10)
- how to submit an application (section 11)
- the Online Manual outlines the:
  - procedures to register and submit proposals online via the EU Funding & Tenders Portal ('Portal')
  - recommendations for the preparation of the application
- the AGA — Annotated Grant Agreement contains:
  - detailed annotations on all the provisions in the Grant Agreement you will have to sign in order to obtain the grant (*including payment schedule, accessory obligations, etc*).

You are also encouraged to visit the [Innovation Fund Project Portfolio Dashboard](#) to consult the list of projects funded previously.

## 1. Background

The Innovation Fund is one of the world's largest funding programmes for the demonstration of innovative low-carbon technologies.

The Fund provides grants for projects aiming at commercial deployment of innovative low-carbon technologies, to bring to the market industrial solutions to decarbonise Europe and support its transition to climate neutrality.

The objectives of this call are to:

- (a) support projects demonstrating highly innovative technologies, processes, business models or products and services, that are sufficiently mature and have a significant potential to reduce greenhouse gas emissions
- (b) offer financial support tailored to market needs and risk profiles of eligible projects, while attracting additional public and private resources.

Projects to be funded by this call are expected to contribute to

- the transition to a climate-neutral economy by 2050

- the target to reduce emissions by at least 55% by 2030 compared to 1990 as defined in the European Climate Law Regulation [2021/1119](#)<sup>4</sup> and the European Green Deal<sup>5</sup>, including the measures adopted under the [Fitfor55 package](#)
- targets set out in the REPowerEU Plan<sup>6</sup> on renewables, energy efficiency and renewable hydrogen.

Synergies and complementarities with other relevant EU programmes are highly encouraged. For example, the Innovation Fund could support projects previously supported by the EU Framework Programmes for Research and Innovation. Funded projects are also expected to contribute to several interrelated EU policy initiatives (when relevant):

- The [Integrated SET Plan](#) and [Industrial Technology Roadmaps](#), covering the European energy system as a whole and going beyond the 'technology silos' concept.
- The [New Industrial Strategy for Europe 2020](#)<sup>7</sup> and [2021](#)<sup>8</sup>, the [2020 Communication on critical raw materials resilience](#)<sup>9</sup> and the [Communication on a recovery plan for Europe](#)<sup>10</sup>, aiming to reinforce industrial competitiveness and strategic autonomy, to reduce external dependence for things Europe needs the most, such as critical materials and technology.
- The new [Circular Economy Action Plan](#)<sup>11</sup> which aims at scaling up the circular economy from front-runners to mainstream economic players, in order to contribute to achieving climate neutrality by 2050 and decoupling economic growth from resource use while ensuring the long-term competitiveness of the EU and leaving no one behind.
- The updated Renewable Energy Directive [2018/2021](#)<sup>12</sup> proposes to increase the overall binding target from the current 32% to a new level of 40% of renewables in the EU energy mix and REPowerEU Plan further increases this target to 45%. The Strategy for Energy System Integration puts focus on the uptake of electricity in the final energy demand sectors and stresses that at

<sup>4</sup> Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1–17).

<sup>5</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on The European Green Deal (COM(2019) 640 final).

<sup>6</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, REPowerEU Plan (COM (2022) 230 final).

<sup>7</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, A new industrial strategy for Europe (COM (2020) 102 final).

<sup>8</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (COM(2021)350 final).

<sup>9</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability (COM (2020) 474 final)

<sup>10</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on The EU budget powering the recovery plan for Europe (COM(2020)442 final).

<sup>11</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a New Circular Economy Action Plan For a cleaner and more competitive Europe (COM(2020)98 final)

<sup>12</sup> Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2019 on the promotion of the use of energy from renewable sources (OJ L328, 21.12.2018, p. 82-209).

the same time, electricity must also be produced and delivered in sufficient quantities when there is no wind or sun.<sup>13</sup>

- The [Hydrogen Strategy](#)<sup>14</sup> presents a vision of how the EU can turn clean hydrogen into a viable solution to decarbonise different sectors over time, installing at least 6 GW of renewable hydrogen electrolyzers in the EU by 2024 and 40 GW of renewable hydrogen electrolyzers by 2030 and REPowerEU Action Plan sets the target of 20Mt of renewable hydrogen production and imports by 2030.
- The [EU Biodiversity Strategy for 2030](#)<sup>15</sup> aims to halt the loss of biodiversity and ecosystem services in the EU and worldwide.
- The [Bioeconomy Strategy](#)<sup>16</sup> aims to accelerate the deployment of a sustainable European bioeconomy. In particular projects which use biomass feedstocks must demonstrate to which extent they contribute to more climate-friendly land use.
- The [Green Deal Industrial Plan](#)<sup>17</sup> aims to provide a more supportive environment for the scaling up of the EU's manufacturing capacity for the net-zero technologies and products required to meet Europe's ambitious climate targets.
- The Proposal for the [Net Zero Industry Act](#)<sup>18</sup> establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem.
- The Proposal for establishing the Strategic Technologies for Europe Platform ('STEP')<sup>19</sup> to reinforce, leverage and steer EU funds to investments in deep and digital, clean and bio technologies in the EU.

This call takes into account the revised EU ETS Directive [2003/87](#) which extends the Innovation Fund to medium-scale projects and the Maritime sector, buildings and road transport.

### *Project development assistance (PDA)*

<sup>13</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on Powering a climate-neutral economy: An EU Strategy for Energy System Integration (COM(2020)299 final).

<sup>14</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A hydrogen strategy for a climate-neutral Europe (COM(2020)301 final).

<sup>15</sup> Communication from the Commission to the European parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Biodiversity Strategy for 2030 Bringing nature back into our lives (COM(2020)380 final).

<sup>16</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on A sustainable Bioeconomy for Europe: Strengthening the connection between economy, society and the environment (COM(2018)673 final).

<sup>17</sup> Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on A Green Deal Industrial Plan for the Net-Zero Age (COM(2023) 62 final).

<sup>18</sup> Proposal for a Regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act) (COM(2023)161 final).

<sup>19</sup> Proposal for a Regulation of the European Parliament and of the Council on establishing the Strategic Technologies for Europe Platform ('STEP') (COM(2023) 335 final).

The Innovation Fund also has a technical assistance component which allows proposals that meet certain conditions to benefit from project development assistance (PDA) provided by the European Investment Bank (EIB; *see section 8*).

## **2. Objectives — Themes and priorities — Activities that can be funded — Expected impact**

### **INNOVFUND-2023-NZT-GENERAL-LSP – General decarbonisation - Large-Scale Projects**

### **INNOVFUND-2023-NZT-GENERAL-MSP – General decarbonisation - Medium-Scale Projects**

### **INNOVFUND-2023-NZT-GENERAL-SSP – General decarbonisation - Small-Scale Projects**

#### Objectives

N/A

#### Activities that can be funded (scope)

The following activities can be funded under these topics:

- activities supporting innovation in low-carbon technologies and processes in sectors listed in Annex I and Annex III to the EU ETS Directive [2003/87<sup>20</sup>](#), including environmentally safe carbon capture and utilisation (CCU) that contributes substantially to mitigating climate change, in particular for unavoidable process emissions, as well as products substituting carbon-intensive ones produced in sectors listed in Annex I to the EU ETS Directive
- activities helping stimulate the construction and operation of projects that aim at the environmentally safe capture and geological storage of CO<sub>2</sub> (CCS)
- activities helping the construction and operation of innovative renewable energy and energy storage technologies.

Carbon capture and utilisation can be funded if the capture of CO<sub>2</sub> occurs within one of the activities listed in Annex I of the EU ETS Directive, or if the utilisation of CO<sub>2</sub> results in products substituting carbon-intensive ones from the sectors listed in Annex I to the EU ETS Directive, even if carbon is captured outside the activities of Annex I.

If the project involves building oversized infrastructure, i.e. can serve other companies, fair and open access for other operators needs to be ensured.

Hydrogen applications (i.e. hydrogen use as an energy carrier, reducing agent, or feedstock) in industry and hydrogen production projects with a demonstrated sufficient degree of innovation can be funded under these topics. We strongly encourage project installing and operating mature electrolyser technologies without additional relevant innovation in the use of the produced hydrogen to apply to the Innovation Fund auction for RFNBO Hydrogen.


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<sup>20</sup>. Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32)



In the maritime and aviation transport sectors, support can be provided to, e.g. breakthrough innovative technologies, including energy efficiency, sustainable alternative fuels, electrification, as well as zero-emission propulsion technologies, such as wind technologies, including innovative infrastructure in the maritime sector, notably for EU container transshipment ports.

Projects in this topic should contribute to building industrial capacity, technology leadership, supply chain resilience and strategic autonomy within the EU/EEA.

 Only projects that have not started works at the time of grant application can be funded<sup>21</sup>.

### Expected impact

N/A

## **INNOVFUND-2023-NZT-MANUFACTURING - Clean-tech manufacturing**

### Objectives

This topic supports projects for manufacturing innovative clean-tech components for hydrogen production/consumption, renewable energy and energy storage. The topic seeks to enhance Europe's innovation and industrial capacity in clean tech manufacturing, including scale-up, its supply chain resilience and strategic autonomy in Europe.

### Activities that can be funded (scope)

Construction and operation of manufacturing facilities to produce specific components for:

- A. renewable energy installations (in photovoltaics, concentrated solar power, on-shore and offshore wind power, ocean energy, geothermal, solar thermal, and others), including their connection to the electricity/heat grid
- B. electrolyzers and fuel cells
- C. energy storage solutions covering both batteries and other storage solutions for stationary and mobile use for intra-day and long duration storage
- D. heat pumps.

In line with GHG methodology guidance, components include final equipment such as wind turbines, solar panels, batteries, heat pumps or electrolyzers. The topic also targets the manufacturing of components and materials (except mining activities) that are a significant factor in the final equipment's performance and/or cost. Activities relating to recycling or reusing critical materials to be used in the above equipment categories or components thereof may also be funded under this topic.

Equipment, components and materials can be sold on the EU market and in third countries.

Activities that can be funded include those where the main innovation lies in the product (e.g. achieving lower cost when fully mature, higher performance, more energy efficiency, better system integration, higher durability, flexibility, reliability and/or convenience as compared to the state-of-the-art product) as well as in the

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<sup>21</sup> Start of works means the earlier of either the start of construction work relating to the project or first legally binding commitment that makes the project irreversible. Buying land and preparatory works such as obtaining permits and conducting preliminary feasibility studies are not considered as start of works.

production processes (e.g. higher use of recycled materials, less or more efficient use of critical materials, lower environmental/carbon footprint, improved automation and use of digital technologies, etc.). Innovation can concern one or several steps of the manufacturing process.

Under this topic, projects demonstrating the ability to reach financial close within two years and entry into operation within four years after grant agreement signature may receive a higher score under the project maturity criterion.

Excluded activities: use of innovative components (including the final equipment) in power/heat generation/energy storage/production & consumption of hydrogen<sup>22</sup>.

 Only projects that have not started works at the time of grant application can be funded<sup>23</sup>.

## **INNOVFUND-2023-NZT-PILOTS - Pilot projects**

### Objectives

The objective of this topic is to support highly innovative, disruptive or breakthrough technologies in deep decarbonisation needed for achieving the climate neutrality goal.

### Activities that can be funded (scope)

The following activities can be funded under this topic: Construction and operation of pilot projects that focus on validating, testing and optimising highly innovative, deep decarbonisation solutions in all sectors eligible for Innovation Fund support.

Pilot projects can thus concern: sectors listed in Annex I and Annex III to the EU ETS Directive 2003/87, including environmentally safe carbon capture and utilisation (CCU) that contributes substantially to mitigating climate change, as well as products substituting carbon-intensive ones produced in sectors listed in Annex I to the EU ETS Directive or construction and operation of innovative energy storage or construction and operation of CO<sub>2</sub> storage solutions or construction and operation renewable energy installations (in photovoltaics, concentrated solar power, onshore and offshore wind power, ocean energy, geothermal, solar thermal, and others), including innovative systems aspects such as connection to the electricity/heat grid.

In this topic, a higher degree of innovation is expected than in the other topics. Consequently, the activities that can be funded are those that tackle technical risks linked to the innovative technologies and solutions, e.g. optimising process and operational parameters of the innovation, and/or improving the characteristics of the final products produced. Pilot projects should prove an innovative, deep decarbonisation or net carbon removal technology or solution in an operational environment, but are not expected yet to reach large scale demonstration or commercial production. Nevertheless, the project can entail limited production/operation for testing purposes, including delivery to/from potential customers for validation. Typically, these projects would have a limited life-time (3 to 5 years). If the project is successful, the proposed technology should move to the next stage of large-scale demonstration or first-of-a-kind commercial production.

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<sup>22</sup> This type of activities can be funded under the topics LSP, MSP, SSP and Pilots


<sup>23</sup> Start of works means the earlier of either the start of construction work relating to the project or first legally binding commitment that makes the project irreversible. Buying land and preparatory works such as obtaining permits and conducting preliminary feasibility studies are not considered as start of works.

Deep decarbonisation technology means technology that has the potential to be fully compatible with a 2050 climate neutrality objective. The pilot installation itself should have a very low level of residual emissions or result in net carbon removals. See more details in the minimum requirements under the GHG emission avoidance criterion.

Projects in this topic should contribute to building industrial capacity, technology leadership, supply chain resilience and strategic autonomy within the EU/EEA.

Under this topic, projects demonstrating the ability to reach financial close within two years and entry into operation within four years after grant agreement signature may receive a higher score under the project maturity criterion.

The maximum amount of Innovation Fund grant for an individual project under this topic is limited to EUR 40 million.

 Only projects, which at the time of grant application have not reached start of works, can be funded<sup>24</sup>.

### 3. Available budget

The estimated available call budget is **EUR 4 000 000 000**. Subject to resource availability, this amount may be increased by a maximum of 20%.

Specific budget information per topic can be found in the table below:

Topic	Topic budget
INNOVFUND-2023-NZT-GENERAL-LSP	<b>EUR 1 700 000 000</b>
INNOVFUND-2023-NZT-GENERAL-MSP	<b>EUR 500 000 000</b>
INNOVFUND-2023-NZT-GENERAL-SSP	<b>EUR 200 000 000</b>
INNOVFUND-2023-NZT-MANUFACTURING	<b>EUR 1 400 000 000</b>
INNOVFUND-2023-NZT-PILOTS	<b>EUR 200 000 000</b>

We reserve the right not to award all available funds or to redistribute them between the call topics, depending on the proposals received and the results of the evaluation.

### 4. Timetable and deadlines

**Timetable and deadlines (indicative)**

<sup>24</sup> Start of works means the earlier of either the start of construction work relating to the project or first legally binding commitment that makes the project irreversible. Buying land and preparatory works such as obtaining permits and conducting preliminary feasibility studies are not considered as start of works.

Call opening:	23 November 2023
<u>Deadline for submission:</u>	<u>09 April 2024 – 17:00:00 CET</u> (Brussels)
Evaluation:	April-October 2024
Information on evaluation results:	November 2024
GA signature:	February 2025

⚠ Please note that time-to-grant in this call is estimated to take 11 months, i.e. longer than the standard 9 months from call closure (deadline for submission), due to the large volume of Innovation Fund call budgets and the complexity and size of the projects.

## 5. Admissibility and documents

Proposals must be submitted before the **call deadline** (see *timetable section 4*).

Proposals must be submitted **electronically** via the Funding & Tenders Portal Electronic Submission System (accessible via the Topic page in the [Search Funding & Tenders](#) section). Paper submissions are NOT possible.

Proposals (including annexes and supporting documents) must be submitted using the forms provided *inside* the Submission System (⚠ NOT the documents available on the Topic page — they are only for information).

Proposals must be **complete** and contain all the requested information and all required annexes and supporting documents:

- Application Form Part A — contains administrative information about the participants (future coordinator, beneficiaries and affiliated entities) and the summarised budget for the project (*to be filled in directly online*)
- Application Form Part B — contains the technical description of the project (*to be downloaded from the Portal Submission System, completed and then assembled and re-uploaded*)
- Part C (*to be filled in directly online*) containing additional project data
- **mandatory annexes and supporting documents** (*templates available to be downloaded from the Portal Submission System, completed, assembled and re-uploaded*):
  - detailed budget table/relevant cost calculator ('financial information file')
  - participant information (including CVs and previous projects, if any)
  - timetable/Gantt chart
  - GHG emission avoidance calculator
  - feasibility study — including at least: project description (*background information, objectives, resource and feedstock availability and yield potential, expected project outputs, innovation*); location analysis and strategic overlook (*site, site plans, stakeholders involvement and acceptance*); technical maturity assessment (*technology readiness,*

*technology process, suppliers of technology, feasibility of achieving project outputs); GHG avoidance and key consumptions figures; environmental and socio-economic impacts and mitigation measures; techno-economic feasibility; risks and mitigation measures (including heat map)*


- business plan — including at least: executive summary; business proposition (*product market, competitive environment, regulatory environment, business model and operating lifetime*); main project counterparties (*description of who they are and overview of key financials*); diagram showing the relationship between the different project parties and the project including entities involved in the project, sponsors, shareholders, lenders, off-takers, suppliers, constructions contractors and other contractors, advisors, and insurers; products and services including assumptions on price, volumes, inflation used to derive project revenues; market analysis (*market potential, trends, competitors' overview, market uptake strategy...*); SWOT or Porter 5 Forces analysis; financing plan: table with uses and sources (*debt, equity, other*), details of financing sources with key terms, projected financial close and main steps to achieve it; allocation of financing including InnovFund grant across the project milestones; budget CAPEX, OPEX underlying assumptions; economical and other assumptions; risks and mitigation (*heat map*) including sensitivity analysis; cash flow statements, profit and loss account and balance sheet for the last three years (*consolidated or social accounts*) of project shareholders and the entity carrying the project if it has existed for more than three years
- detailed financial model — applicant's financial model sheet with detailed information on model assumptions and calculations to derive the financial projections (*formulas, no hard coded figures, nor macros*).



There are two options to compute the relevant costs – see Guidance on the relevant cost methodology. If you use the 'reference plant' calculation methodology (*Option 2 in the [Guidance on the relevant cost methodology](#)*), the detailed financial model must include, in addition, all relevant data and calculations related to this reference plant.

- **for all topics except INNOVFUND-2023-NZT-GENERAL-SSP:** knowledge sharing plan — including at least: communication activities; dissemination activities; plan to develop activities that go beyond mandatory knowledge sharing requirements
- support to project — documents indicating credible commitment for the project, including e.g. heads of terms, letters of interest or support, letters of approval from project funders, shareholders, board of directors or executive committee, suppliers, off-takers, construction/O&M companies, (if any)
- terms of supply — main terms of supply, construction and off-take agreements and other key commercial contracts for construction, operation phase, financing and its state of development (if any)
- due diligence reports (if any)
- permits, licences, authorisations (if any)

- other Annexes –


 There are two options to compute the relevant costs – see Guidance on the relevant cost methodology. If you use the 'reference plant' calculation methodology (*Option 2 in the [Guidance on the relevant cost methodology](#)*), you must also include documents necessary to assess the credibility of the data of the reference plant, such as proof of planning such a (reference) plant/unit as an alternative to the project, formal board documents, financial reports, internal business plans or studies. These documents should include description of assumptions underlying the costs and revenues data and calculations, where relevant supported by quotes from (potential) suppliers and customers and by external market studies if available.


At proposal submission, you will have to confirm that you have the **mandate to act** for all applicants. Moreover, you will have to confirm that the information in the application is correct and complete and that the participants comply with the conditions for receiving EU funding (especially eligibility, financial and operational capacity, exclusion, etc). Before signing the grant, each beneficiary and affiliated entity will have to confirm this again by signing a declaration of honour (DoH). Proposals without full mandate will be rejected.

Your application must be **readable, accessible and printable**.

Proposals are limited to maximum **80 pages** (Part B). Evaluators will not consider any additional pages. Feasibility study, business plan and knowledge sharing plan must not exceed 60 pages each.

You may be asked at a later stage for further documents (*for legal entity validation, financial capacity check, bank account validation, etc*).

 For more information about the submission process (including IT aspects), consult the [Online Manual](#).

 Please be aware that, subject to your consent in the application form, the names of the project participants, contact details, amount of requested Innovation Fund support, the greenhouse gas emission avoidance potential and, where relevant, envisaged dates of financial close and entry into operation may be shared with the Member States of the country(ies) where the project is located.

## 6. Eligibility

Applications will only be considered eligible if their content corresponds wholly (or at least in part) to the topic description for which it is submitted.

### Eligible participants (eligible countries)

In order to be eligible, the applicants (beneficiaries and affiliated entities) must:

- be legal entities (public or private bodies)
- be established in one of the eligible countries: any country in the world.

Beneficiaries and affiliated entities must register in the [Participant Register](#) — before submitting the proposal — and will have to be validated by the Central Validation Service (REA Validation). For the validation, they will be requested to upload documents showing legal status and origin.

Other entities may participate in other consortium roles, such as associated partners, subcontractors, third parties giving in-kind contributions, etc (*see section 13*).

### *Specific cases*

**Natural persons** — Natural persons are NOT eligible (with the exception of self-employed persons, i.e. sole traders, where the company does not have legal personality separate from that of the natural person).

**International organisations** — International organisations are eligible. The rules on eligible countries do not apply to them.

**Entities without legal personality** — Entities which do not have legal personality under their national law may exceptionally participate, provided that their representatives have the capacity to undertake legal obligations on their behalf, and offer guarantees for the protection of the EU financial interests equivalent to that offered by legal persons<sup>25</sup>.

**EU bodies** — EU bodies (with the exception of the European Commission Joint Research Centre) can NOT be part of the consortium.

**Associations and interest groupings** — Entities composed of members may participate as 'sole beneficiaries' or 'beneficiaries without legal personality'<sup>26</sup>. ⚠ Please note that if the action will be implemented by the members, they should also participate (either as beneficiaries or as affiliated entities, otherwise they cannot claim part of the grant).

**EU restrictive measures** — Special rules apply for certain entities (*e.g. entities subject to [EU restrictive measures](#) under Article 29 of the Treaty on the European Union (TEU) and Article 215 of the Treaty on the Functioning of the EU (TFEU)*)<sup>27</sup>. Such entities are not eligible to participate in any capacity, including as beneficiaries, affiliated entities, associated partners, subcontractors or recipients of financial support to third parties (if any).

 For more information, see [Rules for Legal Entity Validation, LEAR Appointment and Financial Capacity Assessment](#).

### *Consortium composition*

n/a

### *Eligible activities*

Eligible activities are the ones set out in section 2 above.

The following activities are not considered as eligible for funding under this call:

- Projects whose focus is on services, including software, mainly addressing the efficiency in Annex I products use.
- Ship or plane building or refurbishment outside of the EU/EEA.

Projects must comply with EU policy interests and priorities (*such as environment, social, security, industrial and trade policy, etc*).

Financial support to third parties is not allowed.

<sup>25</sup> See Article 197(2)(c) EU Financial Regulation [2018/1046](#).

<sup>26</sup> For the definitions, see Articles 187(2) and 197(2)(c) EU Financial Regulation [2018/1046](#).


<sup>27</sup> Please note that the EU Official Journal contains the official list and, in case of conflict, its content prevails over that of the [EU Sanctions Map](#).



Geographic location (target countries)

Projects must be located in EU Member States or EEA countries (i.e. Norway, Iceland or Liechtenstein).

Projects may also be located in Northern Ireland on the condition that they concern the generation, transmission, distribution or supply of electricity.

 Project location in EEA countries is currently subject to conditions: If the incorporation of Directive [2023/959](#) into the EEA Agreement has not entered into force in accordance with Article 103 of the EEA Agreement before the deadline for submission of proposals (see *section 4*), project proposals located in Norway, Liechtenstein or Iceland will only be eligible for activities that were not newly introduced by this Directive (i.e. activities already eligible under Directive [2003/87](#) as in force before 5 June 2023).

For maritime sector projects:

- when the projects concern investments on ships, those ships must call ports under the jurisdiction of an EU Member State or EEA country (see list [here](#)) on a regular basis (*at least 30% of their annual calls on ports*) or perform service or support activities in such ports
- when the projects concern investments in ports infrastructure (*e.g. renewable alternative fuel bunkering infrastructures in ports, including container transshipment ports*), the ports must be under the jurisdiction of an EU Member States or an EEA country (see list [here](#)).

Duration

The project must:

- reach financial close within four years after grant signature (maximum time to financial close):
- operate at least (minimum GHG emission avoidance monitoring period):
  - for all topics except INNOVFUND-2023-NZT-GENERAL-SSP and INNOVFUND-2023-NZT-PILOTS: 5 years after entry into operation
  - for INNOVFUND-2023-NZT-GENERAL-SSP and INNOVFUND-2023-NZT-PILOTS topics: 3 years after entry into operation

Project duration may range between 3 and 15 years, from grant signature to the final payment. Projects of longer duration may be accepted in duly justified cases. Extensions are possible, if duly justified and through an amendment.

Project budget

Project budgets (maximum grant amount) must be calculated on the basis of the relevant costs, using the provided relevant cost calculator and respecting the conditions set out in the [Guidance on the relevant cost methodology](#). The maximum grant amount must not exceed 60 % of the relevant costs.

Only projects with a total capital expenditure as indicated below will be eligible under this call:

Topic	Project eligibility
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INNOVFUND-2023-NZT-GENERAL-LSP	Capital expenditure above EUR 100 000 000
INNOVFUND-2023-NZT-GENERAL-MSP	Capital expenditure above EUR 20 000 000 and up to EUR 100 000 000
INNOVFUND-2023-NZT-GENERAL-SSP	Capital expenditure above EUR 2 500 000 and up to EUR 20 000 000
INNOVFUND-2023-NZT-MANUFACTURING	Capital expenditure above EUR 2 500 000
INNOVFUND-2023-NZT-PILOTS	Capital expenditure above EUR 2 500 000

The grant awarded may be lower than the amount requested.

## 7. Financial and operational capacity and exclusion

### Financial capacity

Applicants must have **stable and sufficient resources** to successfully implement the projects and contribute their share. Organisations participating in several projects must have sufficient capacity to implement all these projects.

The financial capacity check will be carried out on the basis of the documents which you will be requested later on by the Central Validation Service during grant preparation to upload in the [Participant Register](#) (e.g. *profit and loss account and balance sheet, audit report produced by an approved external auditor, certifying the accounts for the last closed financial year, etc*). The analysis will be based on neutral financial indicators, but will also take into account other aspects, such as dependency on EU funding and deficit and revenue in previous years.

The check will normally be done for all beneficiaries, except:

- public bodies (entities established as public body under national law, including local, regional or national authorities) or international organisations
- if the individual requested grant amount is not more than EUR 60 000.

If needed, it may also be done for affiliated entities.

If we consider that your financial capacity is not satisfactory, we may require:

- further information
- an enhanced financial responsibility regime, i.e. joint and several responsibility for all beneficiaries or joint and several liability of affiliated entities (*see below, section 10*)

or

- request that you are replaced or, if needed, reject the entire proposal.

 For more information, see [Rules for Legal Entity Validation, LEAR Appointment and Financial Capacity Assessment](#).

### Operational capacity

Applicants must have the **know-how, qualifications** and **resources** to successfully implement the projects and contribute their share (including sufficient experience in projects of comparable size and nature).

This capacity will be assessed together with the 'Project maturity' award criterion, on the basis of the competence and experience of the applicants and their project teams, including operational resources (human, technical and other) or, exceptionally, the measures proposed to obtain it by the time the task implementation starts.

If the evaluation of the award criterion is positive, the applicants are considered to have sufficient operational capacity.

Applicants will have to show their capacity via the following information:

- general profiles (qualifications and experiences) of the staff responsible for managing and implementing the project (including CVs)
- description of the consortium participants (including previous projects, if any)

Additional supporting documents may be requested, if needed to confirm the operational capacity of any applicant.

### Exclusion

Applicants which are subject to an **EU exclusion decision** or in one of the following **exclusion situations** that bar them from receiving EU funding can NOT participate<sup>28</sup>:

- bankruptcy, winding up, affairs administered by the courts, arrangement with creditors, suspended business activities or other similar procedures (including procedures for persons with unlimited liability for the applicant's debts)
- in breach of social security or tax obligations (including if done by persons with unlimited liability for the applicant's debts)
- guilty of grave professional misconduct<sup>29</sup> (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant)
- committed fraud, corruption, links to a criminal organisation, money laundering, terrorism-related crimes (including terrorism financing), child labour or human trafficking (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant)
- shown significant deficiencies in complying with main obligations under an EU procurement contract, grant agreement, prize, expert contract, or similar (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant)
- guilty of irregularities within the meaning of Article 1(2) of EU Regulation [2988/95](#) (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant)

<sup>28</sup> See Articles 136 and 141 Of EU Financial Regulation [2018/1046](#).

<sup>29</sup> Professional misconduct includes: violation of ethical standards of the profession, wrongful conduct with impact on professional credibility, false declarations/misrepresentation of information, participation in a cartel or other agreement distorting competition, violation of IPR, attempting to influence decision-making processes or obtain confidential information from public authorities to gain advantage.

- created under a different jurisdiction with the intent to circumvent fiscal, social or other legal obligations in the country of origin or created another entity with this purpose (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant).

Applicants will also be rejected if it turns out that<sup>30</sup>:

- during the award procedure they misrepresented information required as a condition for participating or failed to supply that information
- they were previously involved in the preparation of the call and this entails a distortion of competition that cannot be remedied otherwise (conflict of interest).

## 8. Evaluation and award procedure

The proposals will have to follow the **standard submission and evaluation procedure** (one-stage submission + one-step evaluation).

An **evaluation committee** (composed fully of independent outside experts) will assess all applications. Proposals will first be checked for formal requirements (admissibility, and eligibility, *see sections 5 and 6*). Proposals found admissible and eligible will be evaluated (for each topic) against the operational capacity and award criteria (*see sections 7 and 9*) and then ranked according to their scores.

### Cascade approach

Proposals will be evaluated (within their respective topic) according to the following cascade:

- 1) 'Degree of innovation'. If a proposal scores less than the minimum threshold under this criterion, the evaluation is stopped (the remaining criteria are neither evaluated nor scored).
- 2) 'GHG emission avoidance potential' and 'Project maturity'. If a proposal does not reach the minimum threshold under any of the Project maturity sub-criteria (technical, financial, operational maturity) or if it scores less than the minimum threshold under the GHG emission avoidance potential criterion, the evaluation is stopped (the remaining criteria are neither evaluated nor scored).
- 3) 'Replicability' and 'Cost efficiency'.

### Priority order for proposals with same scores

For proposals with the same score (within a topic) a **priority order** will be determined according to the following approach:

Successively for every group of *ex aequo* proposals, starting with the highest scored group, and continuing in descending order:

- 1) Proposals located in a country (EU Member State, EEA country) with a lower number of higher-ranked proposals will be considered to have higher priority; the prioritisation order will be established on the basis of the country related to the "main project location" indicated in part C of the application


<sup>30</sup> See Article 141 EU Financial Regulation [2018/1046](#).

- 2) If this does not allow to determine the priority and if the proposals are from different sectors (see [Guidance on the GHG emission avoidance methodology](#)), proposals from the Maritime sector are prioritised
- 3) If this does not allow to determine the priority and if the proposals are from different sectors (see [Guidance on the GHG emission avoidance methodology](#)), proposals from the Wind energy sector are prioritised
- 4) If this also does not allow to determine the priority and 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.
- 5) If this also does not allow to determine the priority, proposals that have more points for the criterion 'Degree of innovation' will be given priority.
- 6) If this also does not suffice, proposals that received more points under the criterion 'Replicability' will be given priority.

### *Evaluation result and grant preparation*

All proposals will be informed about the evaluation result (**evaluation result letter**). Successful proposals will be invited for grant preparation; the other ones will be rejected (or put on the reserve list, if any).

**Grant preparation** will involve a dialogue in order to fine-tune technical or financial aspects of the project and may require extra information from your side. It may also include adjustments to the proposal to address recommendations of the evaluation committee or other concerns (such as adaptation of the grant due to additional funding received from other sources). Compliance will be a pre-condition for signing the grant.


 No commitment for funding — Invitation to grant preparation does NOT constitute a formal commitment for funding. We will still need to make various legal checks before grant award: *legal entity validation, financial capacity, exclusion check, etc.*

If you believe that the evaluation procedure was flawed, you can submit a **complaint** (following the deadlines and procedures set out in the evaluation result letter). Please note that notifications which have not been opened within 10 days after sending will be considered to have been accessed and that deadlines will be counted from opening/access (see also [Funding & Tenders Portal Terms and Conditions](#)). Please also be aware that for complaints submitted electronically, there may be character limitations.

### *Project development assistance (PDA)*

Proposals that are not selected for funding due to budget limitations (including those on the reserve list, if any) and proposals that fail to reach the threshold for any of the project maturity sub-criteria will be proposed for [project development assistance \(PDA\)](#) to the European Investment Bank (EIB), if they:

- have given their consent in the application form
- and
- respect at least the minimum requirements for 'GHG emission avoidance' and reach the minimum thresholds for 'Degree of innovation' and 'Replicability' (if applicable in accordance with the evaluation in cascade).

 Please be aware that, for proposals that agree to be proposed for PDA, the applications (and project documentation) will be shared with the EIB and will be used by them for their assessment. You may be required to submit additional documents or information for the PDA support.

## 9. Award criteria


The **award criteria** for this call are as follows:

### 1. Degree of innovation


- **Innovation in relation to the state of the art (15 points):** degree to which the project goes **beyond incremental innovation** on a scale from intermediate to breakthrough innovation, including scaling-up (see *Annex 1 for examples*) taking into account the European level as reference point (or, for **INNOVFUND-2023-NZT-GENERAL-SSP** topic, the European or national level); quality, soundness and reliability of the information provided in the proposal.
- If the production process, product, service or business model that the applicant proposes has already been awarded by the Innovation Fund, the proposal must clearly justify where the new innovative elements of the proposed project lie (e.g. scale, type of application, difference in some elements). Proposals aiming at innovations considerably similar to the ones of ongoing Innovation Fund projects may receive a lower score. Please consult the list of funded Innovation Fund projects ([Innovation Fund Project Portfolio Dashboard](#)).

### 2. GHG emission avoidance potential


- **Absolute GHG emission avoidance (2 points):** difference between the expected GHG emissions of the project and the GHG emissions in the reference scenario during 10 years after entry into operation (calculation using the GHG emission avoidance calculator and following the [Guidance on the GHG emission avoidance methodology](#)).

 In terms of scoring of this sub-criterion: for each sector, the proposals with an absolute emission avoidance equal to the sector's median will be scored 1. All other proposals will be given a score between 0 and 2 (rounded to the nearest half point), according to their absolute GHG emission avoidance proportional to the median. The median value in each sector will be calculated taking into account only proposals that meet all the minimum thresholds for 'Degree of innovation', 'Project maturity' and 'Quality of the GHG emission avoidance calculation and minimum requirements'. In case there is only one proposal that meets these thresholds in a given sector, this proposal will receive 2 points and all other proposals in that sector will receive 1 point. In case there is only one proposal in a sector, this proposal will receive 2 points.

- **Relative GHG emission avoidance (5 points):** absolute GHG emission avoidance divided by the GHG emissions in the reference scenario over the same 10 year period (calculation using the GHG emission avoidance calculator and following the [Guidance on the GHG emission avoidance methodology](#)).

 The score of this sub-criterion is proportional to the relative GHG emission avoidance, rounded to the nearest half point. The minimum score is 0 (for 0%). The maximum score is 5 (for 100% or above).

- **Quality of the GHG emission avoidance calculation and minimum requirements (5 points): quality and credibility** of the calculation of GHG emission avoidance potential; when relevant, whether the proposed action meets or not the **minimum requirements** in terms of:
  - the process emissions of the project per unit of product must be below the **EU ETS benchmark(s)**<sup>31</sup> applicable at the call deadline
  - the relative GHG emission avoidance must be:
    - for all topics except INNOVFUND-2023-NZT-PILOTS: at least 50%
    - for INNOVFUND-2023-NZT-PILOTS topic: at least 75%.
  - for **bio-economy** projects: ensure that the used biomass meets the sustainability requirements of the Renewable Energy Directive<sup>32</sup>; 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 Regulation 2019/807; for a commitment to be considered credible, the applicant should either provide evidence of an agreement in principle to source from one or more producers who are already certified low ILUC-risk, or provide evidence of an agreement in principle to source one or more producers who have a clear plan to apply for low ILUC-risk certification.

 In case of issues in the quality of the calculation (including reliability and margin of uncertainty of key parameters and/or assumptions), points may be reduced.

In case the calculation methodology is incorrectly applied or in case the Application Form Part B or the GHG emission avoidance calculator have not been filled correctly, the score for this sub-criterion will be below the minimum threshold and the proposal will be rejected.

### 3. Project maturity

- **Technical maturity (5 points):** technical feasibility of achieving the expected project outputs within the project's operational environment; understanding of technology and related technical risks and proposed risk mitigation measures; quality, soundness and reliability of the information provided in the proposal.
- **Financial maturity (5 points):** ability to reach financial close as soon as possible and no later than 48 months after signing the grant

<sup>31</sup> Commission Implementing Regulation (EU) 2021/447 of 12 March 2021 determining revised benchmark values for free allocation of emission allowances for the period from 2021 to 2025 pursuant to Article 10a(2) of Directive 2003/87/EC of the European Parliament and of the Council (OJ L 87, 15.3.2021, p. 29).

<sup>32</sup> Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

agreement taking into account: credibility of the business model, business plan and financial model; expected project profitability and credibility of the support of the project shareholders to fund the project (or, for INNOVFUND-2023-NZT-PILOTS topic, ability of the project to cover construction costs and any negative operational cash flows); robustness and credibility of the strategy to secure key contractual framework including supply and off-take contracts; soundness of the financing plan along the project milestones and of the expected sources of financing, including private-sector contributions, Member State support or other types of public support, where relevant; solidity of expected debt terms, level of negotiation with debt funders and capital structure in line with the project risks and returns; understanding of the project's business and financial risks, and quality of proposed risk mitigation measures; quality, soundness and reliability of the information provided in the proposal.

- **Operational maturity (5 points):** credibility and level of detail of the project implementation plan covering all project milestones (which must include at least financial close, entry into operation and annual reporting after the entry into operation) and related deliverables; relevance and track record of the project management/team and soundness of the project organisation; state of play and credibility of the proposed plan for obtaining required permits, intellectual property rights or licences and other regulatory procedures; soundness of the strategy for ensuring public acceptance; ability to reach entry into operation in line with market standards in the sector or faster; understanding of the project's implementation risks, including risks stemming from dependencies on other projects falling outside the boundaries of the project, and credibility of proposed risk mitigation measures; quality, soundness and reliability of the information provided in the proposal.

#### 4. Replicability (15 points)

- **Replicability in terms of efficiency gains:** expected technology cost reductions; efficient use of resources or other ways to address resource constraints notably in terms of reduction or/and more efficient use of critical raw materials<sup>33</sup>, biomass and other scarce resources, and in terms of circularity, recycling and recyclability of such resources.

**Replicability in terms of further deployment:** plans for project's/technology/solution transfer to other sites (regionally or across the EU economy or globally where relevant), including potential for technology transfer beyond sector, where relevant; related expected additional emission avoidance. For projects to a large degree dependent on subsidies, potential to become cost-competitive and financially viable over time in the absence of subsidies.

- **Resilience of EU industrial system:** potential contribution to the EU's access to a secure and sustainable supply of net-zero technologies to safeguard the resilience of EU's energy and industrial system and create new value chains or reinforce existing ones in Europe, including the creation of quality jobs, economic growth and positive impacts on

<sup>33</sup> [https://ec.europa.eu/growth/sectors/raw-materials/areas-specific-interest/critical-raw-materials\\_en](https://ec.europa.eu/growth/sectors/raw-materials/areas-specific-interest/critical-raw-materials_en)



competitiveness. For maritime sector this means the European added value and resilience of the European maritime sector in the Glossary.

- **Potential in terms of multiple environmental impacts:** potential to address multiple environmental impacts, such as biodiversity protection, land, air and water pollution.
- **Quality and extent of the knowledge sharing,** communication and dissemination activities initiated by the project at the various project stages (*see Annex 2*).
- **Quality, soundness and reliability of the information** provided in the proposal.

## 5. Cost efficiency

- **Cost efficiency ratio (12 points):** cost efficiency (ratio between requested grant and absolute GHG emission avoidance)



The following scoring rules will apply for this sub-criterion:

- The cost efficiency ratio is expressed as follows:

$$\text{Cost efficiency ratio} = \frac{\text{Requested grant}}{\text{Absolute GHG emission avoidance}}$$

Whereby:

- The maximum Innovation Fund grant that can be requested is limited to 60% of the relevant costs; the applicants can request less and can take this smaller amount as numerator in the cost efficiency ratio calculation. If the applicant considers additional public support<sup>34</sup> in the project's financial model it must be added to the Innovation Fund grant amount in the numerator of the cost efficiency ratio. Public support during the operational period should be added for only the first ten years of operation.
- Relevant costs are calculated according to the [Guidance on the relevant cost methodology](#).
- The absolute GHG emission avoidance used is the same value calculated for the sub-criterion 'Absolute GHG emission avoidance'.
- The score is calculated as follows:

<sup>34</sup> This can be support from other EU funding programmes or national funding (State aid). In terms of State aid, applicants should notably include here State aid in the form of grants, contract for difference, and feed in tariffs requested or planned to be requested, and which have been included in the financial model. State aid in the form of fiscal or parafiscal measures or tariff reductions must not be included in the numerator of the cost efficiency ratio but should be included in the projections of the financial model and may also impact the relevant costs calculation. Be aware that information about additional public support may be shared with other EU services. For both State aid and EU funding programmes, the rules on cumulation of funding must be respected. It is not possible to allow cumulative funding from Innovation Fund and Recovery and Resilience Facility (RRF). If a project which is funded under the RRF wishes to also apply for funding under the Innovation Fund, the promoter must ensure that relevant actions are clearly separated.



**For all topics except INNOVFUND-2023-NZT-PILOTS:**

- if the cost efficiency ratio is lower or equal than 200 EUR/t CO<sub>2</sub>-eq, the points are calculated based on the following formula:

$$12 - (12 \times (\text{cost efficiency ratio} / 200))$$

- if the cost efficiency ratio is higher than 200 EUR/t CO<sub>2</sub>-eq, the score is zero points, and the proposal will be rejected.

The result is rounded to the nearest half point. The minimum score under this sub-criterion is 0. The maximum score is 12.

**For INNOVFUND-2023-NZT-PILOTS topic:**

- if the cost efficiency ratio is lower or equal than 2000 EUR/t CO<sub>2</sub>-eq, the points are calculated based on the following formula:

$$12 - (12 \times (\text{cost efficiency ratio} / 2000))$$

- if the cost efficiency ratio is higher than 2000 EUR/t CO<sub>2</sub>-eq, the score is zero points.

The result is rounded to the nearest half point. The minimum score under this sub-criterion is 0. The maximum score is 12.

- **Quality of the cost calculation and minimum requirements (3 points):** quality and credibility of the calculation of the relevant costs; whether the proposed action meets or not the **minimum requirements** in terms of:
  - the cost efficiency ratio must be
    - **for all topics except INNOVFUND-2023-NZT-PILOTS:** equal or lower than 200 EUR/t CO<sub>2</sub>-eq



In case of issues in the quality and credibility of the calculation (including the inclusion of non-eligible costs), points may be reduced.

In the case the calculation of relevant costs contains substantial errors or if the Application Form Part B or the relevant costs calculator template have not been filled completely, the score for this sub-criterion will be below the minimum threshold and the proposal will be rejected.

**Bonus points:**

- **Bonus 1:** The potential to deliver **net carbon removals** (1 point).
- **Bonus 2: Other GHG savings** from emissions sources that go beyond the boundaries established in the Innovation Fund methodology for the given sector, such as emissions due to transportation of raw materials or finished products, waste management, upstream emissions of fuels in the project scenario, etc. (1 point).
- **Bonus 3:** Commitment to use **electricity from additional renewable sources** or to use **RFNBO hydrogen** (1 point):

- Projects requiring significant amounts of electricity are encouraged to demonstrate whether they are using additional electricity of renewable origin coming from direct connection to installation generating renewable electricity or that will be procured via the grid, e.g. via Power Purchasing Agreements (or MoUs or LoIs for such PPAs).
- Projects that propose to consume significant amounts of hydrogen are encouraged to demonstrate whether it is RFNBO hydrogen as defined in the Renewable Energy Directive 2018/2001 and its Delegated Regulations on methodology for RFNBOs <sup>35</sup>.
- **Bonus 4:** For Maritime sector projects only: demonstrated potential to decarbonising the maritime sector and reducing its climate impacts. (1 point).

### Scoring

For INNOVFUND-2023-NZT-GENERAL-LSP, INNOVFUND-2023-NZT-GENERAL-MSP and INNOVFUND-2023-NZT-GENERAL-SSP topics:

Award criteria	Minimum pass score	Maximum score
Degree of innovation	9	15
GHG emission avoidance potential		
Absolute GHG emission avoidance	n/a	2
Relative GHG emission avoidance	n/a	5
Quality of the GHG emission avoidance calculation and minimum requirements	3	5
Total GHG emission avoidance potential	n/a	12
Project maturity		
Technical maturity	3	5
Financial maturity	3	5
Operational maturity	3	5
Total Project maturity	n/a	15
Replicability	9	15
Cost efficiency		
Cost efficiency ratio	n/a	12
Quality of the cost calculation and minimum requirements	1.5	3
Total Cost efficiency	n/a	15

<sup>35</sup> See [Q&A on the EU Delegated acts on Renewable Energy](#).

<b>Total (without bonus)</b>	n/a	<b>72</b>
Bonus point 1	n/a	1
Bonus point 2	n/a	1
Bonus point 3	n/a	1
Bonus point 4	n/a	1
<b>Total (with bonus)</b>	n/a	<b>76</b>

Maximum points: 76 points.

Individual thresholds (minimum pass scores) per criterion/sub-criterion: see above.

There is no overall threshold.

Proposals that pass the individual thresholds will be considered for funding — within the limits of the available budget (i.e. up to the budget ceiling). Other proposals will be rejected.

For INNOVFUND-2023-NZT-MANUFACTURING topic:

<b>Award criteria</b>	<b>Minimum pass score</b>	<b>Maximum score</b>	<b>Weight</b>
Degree of innovation	9	15	2
GHG emission avoidance potential			
Absolute GHG emission avoidance	n/a	2	1
Relative GHG emission avoidance	n/a	5	1
Quality of the GHG emission avoidance calculation and minimum requirements	3	5	1
Total GHG emission avoidance potential	n/a	12	1
Project maturity			
Technical maturity	3	5	2
Financial maturity	3	5	2
Operational maturity	3	5	2
Total Project maturity	n/a	15	2
Replicability	9	15	1
Cost efficiency			
Cost efficiency ratio	n/a	12	1
Quality of the cost calculation and minimum	1.5	3	1

requirements			
Total Cost efficiency	n/a	15	1
<b>Total (without bonus points)</b>	n/a	<b>102</b>	n/a
Bonus point 1	n/a	1	1
Bonus point 2	n/a	1	1
Bonus point 3	n/a	1	1
Bonus point 4	n/a	1	1
<b>Total (with bonus points)</b>	<b>n/a</b>	<b>106</b>	<b>n/a</b>

Maximum points: 106 points.

Individual thresholds (minimum pass scores) per criterion/sub-criterion: see above.

There is no overall threshold.

Proposals that pass the individual thresholds will be considered for funding — within the limits of the available budget (i.e. up to the budget ceiling). Other proposals will be rejected.

For INNOVFUND-2023-NZT-PILOTS topic:

Award criteria	Minimum pass score	Maximum score	Weight
Degree of innovation	9	15	2
GHG emission avoidance potential			
Absolute GHG emission avoidance	n/a	2	1
Relative GHG emission avoidance	n/a	5	1
Quality of the GHG emission avoidance calculation and minimum requirements	3	5	1
Total GHG emission avoidance potential	n/a	12	1
Project maturity			
Technical maturity	3	5	1
Financial maturity	3	5	1
Operational maturity	3	5	1
Total Project maturity	n/a	15	1
Replicability	9	15	1
Cost efficiency			

Cost efficiency ratio	n/a	12	1
Quality of the cost calculation and minimum requirements	1.5	3	1
Total Cost efficiency	n/a	15	1
<b>Total (without bonus points)</b>	n/a	<b>87</b>	
Bonus point 1	n/a	1	1
Bonus point 2	n/a	1	1
Bonus point 3	n/a	1	1
Bonus point 4	n/a	1	1
<b>Total (with bonus points)</b>	n/a	<b>91</b>	n/a

Maximum points: 91 points.

Individual thresholds (minimum pass scores) per criterion/sub-criterion: see above.

There is no overall threshold.

Proposals that pass the individual thresholds will be considered for funding — within the limits of the available budget (i.e. up to the budget ceiling). Other proposals will be rejected.

## 10. Legal and financial set-up of the Grant Agreements

If you pass evaluation, your project will be invited for grant preparation, where you will be asked to prepare the Grant Agreement together with the EU Project Officer.

This Grant Agreement will set the framework for your grant and its terms and conditions, in particular concerning deliverables, reporting and payments.

The Model Grant Agreement that will be used (and all other relevant templates and guidance documents) can be found on [Portal Reference Documents](#).

### Starting date and project duration

The project starting date and duration will be fixed in the Grant Agreement (*Data Sheet, point 1*). Normally the starting date will be after grant signature. A retroactive starting date can be granted exceptionally for duly justified reasons — but never earlier than the first day of the month after the proposal submission date.

Project duration: see *section 6 above*.

### Milestones and deliverables

The milestones and deliverables for each project will be managed through the Portal Grant Management System and will be reflected in Annex 1 of the Grant Agreement.

The following work packages, deliverables and milestones will be required:

- WP 1 — Up to Financial Close
  - Milestone triggering payment (mandatory): financial close

- Other milestones (indicative): project planning approved; project authorisation granted (including permits); main project contracting closed; project financing means granted and available
- Deliverables (mandatory):
  - **for all topics:** detailed project management plan (month 1); final version of the financial model (month 1); progress reports (every 6 months, except when there is an interim payment); first update to the detailed project management plan; all key documents necessary to verify achievement of financial close (at the latest at financial close)
- and in addition:
  - **for all topics except INNOVFUND-2023-NZT-GENERAL-SSP:** updated knowledge sharing plan (month 1); knowledge sharing report (month 1, data from application); updated knowledge sharing report (at financial close)
  - **for INNOVFUND-2023-NZT-GENERAL-SSP topic:** knowledge sharing plan (month 3); knowledge sharing report (at financial close)
- WP 2 — From Financial Close to Entry into Operation
  - Milestone triggering payment (mandatory): entry into operation
  - Other milestones (indicative): site preparation, construction, pre-commissioning; signing of operation and maintenance agreements (O&M); commissioning, start-up and testing
  - Deliverables (mandatory): Operational readiness and completion certificate; statement by independent auditor on correctness of the relevant cost calculation (at least 2 months before entry into operation); progress reports (every year, except when there is an interim payment); updated knowledge sharing report and updated knowledge sharing plan (at entry into operation); GHG monitoring plan (at entry into operation); second update to the detailed project management plan (at entry into operation)
- WP 3 —Year 1 of Operation
  - Milestone triggering payment (mandatory): end of first year of operation
  - Deliverables (mandatory): annual GHG emission avoidance report (at the end of the first year of operation); updated knowledge sharing report and updated knowledge sharing plan (at the end of the first year of operation and then every two years)
- WP 4 —Year 2 of Operation
  - Milestone triggering payment (mandatory): end of second year of operation
  - Deliverables (mandatory): annual GHG emission avoidance report (at the end of the second year of operation)
- additional work packages:

- for all topics except INNOVFUND-2023-NZT-GENERAL-SSP and INNOVFUND-2023-NZT-PILOTS: + minimum 2 additional work packages
- for INNOVFUND-2023-NZT-GENERAL-SSP and INNOVFUND-2023-NZT-PILOTS topics: + additional work packages (if any)
- WP N – Last Year of Operation
  - Milestone triggering payment (mandatory): end of last year of operation
  - Deliverables (mandatory): annual GHG emission avoidance report; verified GHG emission avoidance report over the entire monitoring period; updated knowledge sharing report and updated knowledge sharing plan; final report on the fulfillment of 'Degree of Innovation' and 'Replicability' claims (all at the end of the last year of operation).

Additional work packages (and the corresponding milestones and deliverables) can be added in the phase before financial close or between financial close and entry into operation, if needed to respect the logic of the project.

#### Form of grant, funding rate and maximum grant amount

The grant parameters (e.g. maximum grant amount) will be fixed in the Grant Agreement (*Data Sheet, point 3 and art 5*).

Project budget (maximum grant amount): see section 6 above.

The grant will be a lump sum grant. This means that it will reimburse a fixed amount, based on a lump sum. The amount will be fixed by the granting authority on the basis of the relevant costs of the project calculated in accordance with the [Guidance on the relevant cost methodology](#) and a fixed funding rate of 60% (or lower requested grant amount, if any).

#### Budget categories and cost eligibility rules

The budget categories and cost eligibility rules are fixed in the Grant Agreement (*Data Sheet, point 3, art 6 and Annex 2*).

*Budget categories for this call:*

- Lump sum contributions<sup>36</sup>


*Specific cost eligibility rules for this call:*


- the lump sum amount must be calculated in accordance with the methodology set out in the lump sum decision and using the detailed budget table/relevant cost calculator (financial information file) provided
- the lump sum calculation should respect the following conditions:
  - the relevant costs must be calculated in accordance with the [Guidance on the relevant cost methodology](#) and be confirmed at entry into operation
  - costs for activities incurred before the first day of the month after the proposal submission date are not eligible


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<sup>36</sup> [Decision](#) of 02 July 2020 authorising the use of lump sums for projects under the Innovation Fund.

- the lump sum breakdown must comply with the following:
  - the estimated lump sum contribution for each work package must relate to and be proportional to the activities covered by that work package
  - the portion of the grant amount budgeted until the financial close must not exceed 40% of the maximum grant amount
  - the portion of the grant amount budgeted after entry into operation should amount to at least 10% of the maximum grant amount
- other:
  - the maximum grant amount will only be paid out, if over the entire project duration, the project reaches at least 75% of the total amount of GHG emission planned to be avoided and if all other claims made in the application, in particular with regard to the degree of innovation and replicability, are fulfilled.

 Please be aware that during grant agreement preparation, the lump sum contributions may be reallocated between work packages, if, for instance, the shares are not proportional to the activities/expenditure covered by the corresponding work packages.

 Shortly before entry into operation, you will be required to submit a statement by an independent auditor confirming the correctness of the relevant cost calculation. If capital or operating costs and revenues, such as the carbon or energy prices, have changed significantly and decreased the relevant costs below the amount of the grant, you may be asked to request an amendment to reduce the maximum grant amount. If you do not comply with this request, we may have to terminate the grant and reduce it from our side (*see art 32*).

 The amount of GHG emission avoidance will be checked on the basis of the verified GHG emission avoidance report (required as deliverable at the end of the project; *see above*). If less than 75% of the targeted amount is reached at the end of the project, the amount of the grant paid after the financial close will be proportionally reduced. If the project fails to enter into operation or the beneficiary fails to demonstrate any real avoidance of GHG emissions, we may terminate and the full grant amount after financial close will be recovered (*see art 32*).

### Reporting and payment arrangements

The reporting and payment arrangements are fixed in the Grant Agreement (*Data Sheet, point 4 and art 21 and 22*).

There is **no pre-financing** payment.

There will be one or more **interim payments**:

- up to 40% of the maximum grant amount for the reporting periods (RPs) until financial close, depending on the value of the work package(s)
- remaining amount of at least 60% for the RP(s) after financial close, depending on the value of the work package(s); generally, at least 10% for the period after Entry into operation.


You will be required to provide periodic reports to request payments, in accordance with the schedule and modalities set out in the grant agreement. After the entry into operation, the periodic reports will be annual.



In addition, you will be expected to submit one or more progress reports not linked to payments.

**Payment of the balance:** At the end of the project, we will calculate your final grant amount. If the total of earlier payments is higher than the final grant amount, we will ask you (your coordinator) to pay back the difference (recovery).

All payments will be made to the coordinator.

 Please be aware that payments will be automatically lowered if one of your consortium members has outstanding debts towards the EU (granting authority or other EU bodies). Such debts will be offset by us — in line with the conditions set out in the Grant Agreement (see *art 22*).

Please also note that you are responsible for keeping records on all the work done.

#### Prefinancing guarantees

n/a

#### Certificates

n/a

#### Liability regime for recoveries

The liability regime for recoveries will be fixed in the Grant Agreement (*Data Sheet point 4.4 and art 22*).

For beneficiaries, it is one of the following:

- limited joint and several liability with individual ceilings — *each beneficiary up to their maximum grant amount*
- unconditional joint and several liability — *each beneficiary up to the maximum grant amount for the action*

or

- individual financial responsibility — *each beneficiary only for their own debts*.

In addition, the granting authority may require joint and several liability of affiliated entities (with their beneficiary).

#### Provisions concerning the project implementation

IPR rules: see *Model Grant Agreement (art 16 and Annex 5)*:

- list of background: Yes
- rights of use on results: Yes
- knowledge sharing requirements: Yes

Communication, dissemination and visibility of funding: see *Model Grant Agreement (art 17 and Annex 5)*:

- communication and dissemination plan (knowledge sharing plan): Yes
- additional communication and dissemination activities: Yes

- special logos: Yes



#### **Funded by the European Union**

Emissions Trading System  
Innovation Fund



#### **Co-funded by the European Union**

Emissions Trading System  
Innovation Fund

Specific rules for carrying out the action: *see Model Grant Agreement (art 18 and Annex 5):*

- specific rules for blending operations: No

#### Other specificities

n/a

#### Non-compliance and breach of contract

The Grant Agreement (chapter 5) provides for the measures we may take in case of breach of contract (and other non-compliance issues).



For more information, see [AGA — Annotated Grant Agreement](#).

### **11. How to submit an application**

All proposals must be submitted directly online via the Funding & Tenders Portal Electronic Submission System. Paper applications are NOT accepted.

Submission is a **2-step process**:

#### **a) create a user account and register your organisation**

To use the Submission System (the only way to apply), all participants need to [create an EU Login user account](#).

Once you have an EULogin account, you can [register your organisation](#) in the Participant Register. When your registration is finalised, you will receive a 9-digit participant identification code (PIC).

#### **b) submit the proposal**

Access the Electronic Submission System via the Topic page in the [Search Funding & Tenders](#) section (or, for calls sent by invitation to submit a proposal, through the link provided in the invitation letter).

Submit your proposal in 4 parts, as follows:

- Part A includes administrative information about the applicant organisations (future coordinator, beneficiaries, affiliated entities and associated partners) and the summarised budget for the proposal. Fill it in directly online
- Part B (description of the action) covers the technical content of the proposal. Download the mandatory word template from the Submission System, fill it in and upload it as a PDF file
- Part C containing additional project data. To be filled in directly online.

- Annexes (*see section 5*). Upload them as PDF file (single or multiple depending on the slots). Excel upload is sometimes possible, depending on the file type.
- The proposal must keep to the **page limits** (*see section 5*); excess pages will be disregarded.

Documents must be uploaded to the **right category** in the Submission System otherwise the proposal might be considered incomplete and thus inadmissible.

The proposal must be submitted **before the call deadline** (*see section 4*). After this deadline, the system is closed and proposals can no longer be submitted.

Once the proposal is submitted, you will receive a **confirmation e-mail** (with date and time of your application). If you do not receive this confirmation e-mail, it means your proposal has NOT been submitted. If you believe this is due to a fault in the Submission System, you should immediately file a complaint via the [IT Helpdesk webform](#), explaining the circumstances and attaching a copy of the proposal (and, if possible, screenshots to show what happened).

Details on processes and procedures are described in the [Online Manual](#). The Online Manual also contains the links to FAQs and detailed instructions regarding the Portal Electronic Exchange System.

## 12. Help

As far as possible, ***please try to find the answers you need yourself***, in this and the other documentation (we have limited resources for handling direct enquiries):

- [Online Manual](#)
- FAQs on the Topic page (for call-specific questions in open calls; not applicable for actions by invitation)
- [Portal FAQ](#) (for general questions).

Please also consult the Topic page regularly, since we will use it to publish call updates. (For invitations, we will contact you directly in case of a call update).

### Contact

For individual questions on the Portal Submission System, please contact the [IT Helpdesk](#).

Non-IT related questions should be sent to the [Innovation Fund Helpdesk](#).

Please indicate clearly the reference of the call and topic to which your question relates (*see cover page*).

### 13. Important



#### IMPORTANT

- **Don't wait until the end** — Complete your application sufficiently in advance of the deadline to avoid any last minute **technical problems**. Problems due to last minute submissions (*e.g. congestion, etc*) will be entirely at your risk. Call deadlines can NOT be extended.
- **Consult** the Portal Topic page regularly. We will use it to publish updates and additional information on the call (call and topic updates).
- **Funding & Tenders Portal Electronic Exchange System** — By submitting the application, all participants **accept** to use the electronic exchange system in accordance with the [Portal Terms & Conditions](#).
- **Registration** — Before submitting the application, all beneficiaries, affiliated entities and associated partners must be registered in the [Participant Register](#). The participant identification code (PIC) (one per participant) is mandatory for the Application Form.
- **Consortium roles** — When setting up your consortium, you should think of organisations that help you reach objectives and solve problems.  
  
The roles should be attributed according to the level of participation in the project. Main participants should participate as **beneficiaries** or **affiliated entities**; other entities can participate as associated partners, subcontractors, third parties giving in-kind contributions. **Associated partners** and third parties giving in-kind contributions should bear their own costs (they will not become formal recipients of EU funding). **Subcontracting** should normally constitute a limited part and must be performed by third parties (not by one of the beneficiaries/affiliated entities).
- **Coordinator** — In multi-beneficiary grants, the beneficiaries participate as consortium (group of beneficiaries). They will have to choose a coordinator, who will take care of the project management and coordination and will represent the consortium towards the granting authority. In mono-beneficiary grants, the single beneficiary will automatically be coordinator.
- **Affiliated entities** — Applicants may participate with affiliated entities (i.e. entities linked to a beneficiary which participate in the action with similar rights and obligations as the beneficiaries, but do not sign the grant and therefore do not become beneficiaries themselves). They will get a part of the grant money and must therefore comply with all the call conditions and be validated (just like beneficiaries); but they do not count towards the minimum eligibility criteria for consortium composition (if any).
- **Associated partners** — Applicants may participate with associated partners (i.e. partner organisations which participate in the action but without the right to get grant money). They participate without funding and therefore do not need to be validated.
- **Consortium agreement** — For practical and legal reasons it is recommended in all cases to set up internal arrangements that allow you to deal with exceptional or unforeseen circumstances. The consortium agreement also gives you the possibility to redistribute the grant money according to your own consortium-internal principles and parameters (for instance, one beneficiary can reattribute its grant money to another beneficiary). The consortium agreement thus allows you to customise the EU grant to the needs inside your consortium and can also help to protect you in case of disputes. For successful proposals, the consortium agreement should be signed before the signature of the grant agreement.

- **Balanced project budget** — Grant applications must ensure a balanced project budget and sufficient other resources to implement the project successfully (*e.g. own contributions, income generated by the action, financial contributions from third parties, etc*). You may be requested to lower your estimated costs, if they are ineligible (including excessive).
- **No cumulation of funding/no double funding** — It is strictly prohibited to cumulate funding from the EU budget (except under 'EU Synergies actions' referred to in Article 6.3 of the Innovation Fund Model Grant Agreement). Outside such Synergies actions, any given action may receive only ONE grant from the EU budget and cost items may under NO circumstances be declared under two EU grants.
- **Completed/ongoing projects** — Proposals for projects that have already been completed will be rejected; proposals for projects that have already started will be assessed on a case-by-case basis (in this case, no costs can be reimbursed for activities that took place before the project starting date/proposal submission).
- **Combination with EU operating grants** — Combination with EU operating grants is possible, if the project remains outside the operating grant work programme and you make sure that cost items are clearly separated in your accounting and NOT declared twice (see [AGA — Annotated Grant Agreement, art 6.2.E](#)).
- **Multiple proposals** — Applicants may submit more than one proposal for *different* projects under the same call (and be awarded a funding for them).  
Organisations may participate in several proposals.  
BUT: if there are several proposals for *very similar* projects, only one application will be accepted and evaluated; the applicants will be asked to withdraw one of them (or it will be rejected).
- **Resubmission** — Proposals may be changed and re-submitted until the deadline for submission.
- **Rejection** — By submitting the application, all applicants accept the call conditions set out in this Call Document (and the documents it refers to). Proposals that do not comply with all the call conditions will be **rejected**. This applies also to applicants: All applicants need to fulfil the criteria; if any one of them doesn't, they must be replaced or the entire proposal will be rejected.
- **Cancellation** — There may be circumstances which may require the cancellation of the call. In this case, you will be informed via a call or topic update. Please note that cancellations are without entitlement to compensation.
- **Language** — You can submit your proposal in any official EU language (project abstract/summary should however always be in English). For reasons of efficiency, we strongly advise you to use English for the entire application. If you need the call documentation in another official EU language, please submit a request within 10 days after call publication (for the contact information, see *section 12*).

- **Transparency** — In accordance with Article 38 of the [EU Financial Regulation](#), information about EU grants awarded is published each year on the [Europa website](#).


This includes:

- beneficiary names
- beneficiary addresses
- the purpose for which the grant was awarded
- the maximum amount awarded.

The publication can exceptionally be waived (on reasoned and duly substantiated request), if there is a risk that the disclosure could jeopardise your rights and freedoms under the EU Charter of Fundamental Rights or harm your commercial interests.

- **Data protection** — The submission of a proposal under this call involves the collection, use and processing of personal data. This data will be processed in accordance with the applicable legal framework. It will be processed solely for the purpose of evaluating your proposal, subsequent management of your grant and, if needed, programme monitoring, evaluation and communication. Details are explained in the [Funding & Tenders Portal Privacy Statement](#).

**Glossary**

<b>Action</b>	Global term for beneficiary activities funded by the Innovation Fund. Used interchangeably with project.
<b>Consortium</b>	Beneficiaries and other participants which cooperate together to implement the project.
<b>Detailed financial model</b>	Applicant's detailed financial model with information on model assumptions and projections, including (as indicative content): <ul style="list-style-type: none"> <li>– input sheet(s) with detailed assumptions</li> <li>– funding sources and uses</li> <li>– projected financial statements</li> <li>– calculation sheet(s)</li> <li>– sensitivity analysis.</li> </ul>
<b>Detailed budget table / Relevant cost calculator / Detailed grant disbursement table / Cost efficiency calculator ('Financial information file')</b>	Usually called Financial Information File (FIF). Mandatory excel file with the following information: <ul style="list-style-type: none"> <li>– relevant cost calculator</li> <li>– cost efficiency calculator</li> <li>– financial model summary sheet</li> <li>– table with Innovation Fund grant breakdown per work package and beneficiary/affiliated entity</li> </ul>
<b>Entry into operation</b>	<p>The moment in the project development cycle where all elements and systems required for operation of the project have been tested and activities resulting in effective avoidance of greenhouse gas emissions have commenced.</p> <p>For projects with multiple phases (meaning several entry into operation dates in connection with implementation of successive phases, for example for manufacturing projects), the entry into operation is defined as the entry into operation of the last phase of the project.</p>
<b>European added value and resilience of the European maritime sector</b>	The project's ability to strengthen the Europe's maritime transport value chain, including port activities (e.g. delivery of renewable alternative fuels in container transshipment ports) and leading to positive impacts on competitiveness and job creation in the European sector.
<b>Financial close</b>	The moment in the project development cycle where all the project and financing agreements and permits have been signed and all the required conditions contained in them have been met.
<b>Monitoring and reporting period</b>	<p>The monitoring and reporting period is the period of time after entry into operation during which the GHG emission avoidance is monitored and reported yearly and linked to the Innovation Fund support.</p> <p> Note that the minimum GHG emission avoidance monitoring period is set out in section 6. However, the GHG emission avoidance and the relevant costs calculation have to normally always be based on 10 years of operation, except if the project is planned to operate for a shorter period.</p>
<b>Operating costs</b>	Please refer to the Methodology for the Relevant cost calculation as certain elements of OPEX are not eligible under relevant cost.

<b>Project duration</b>	<p>Period of time during which the project benefits from Innovation Fund support.</p> <p>The project duration must not be confused with the monitoring and reporting period (see above) and the project lifetime (see below).</p>
<b>Project lifetime</b>	<p>The project lifetime refers to the period of time from the start to the end of a project and is not limited to the period of time during which the project benefits from Innovation Fund support.</p> <p>The feasibility study, business plan, the detailed financial model and the financial projections must be based on the project lifetime.</p>
<b>Start of works</b>	<p>Start of works means the earlier of either the start of construction work relating to the project or first legally binding commitment that makes the project irreversible. Buying land and preparatory works such as obtaining permits and conducting preliminary feasibility studies are not considered as start of works.</p>
<b>Subcontractor</b>	<p>Economic operator that is proposed by a beneficiary/affiliated entity to perform part of the action tasks.</p>
<b>RFNBO hydrogen</b>	<p>Hydrogen as defined in the Renewable Energy Directive 2018/2001 and its Delegated Regulations on methodology for RFNBOs.</p>



**Annex 1****Innovation****Innovation in relation to the state of the art***Types of innovative actions*

The Innovation Fund aims to support technologies, business models and processes that are not yet commercially available, but represent breakthrough solutions or are sufficiently mature to be ready for demonstration at pre-commercial scale.

Thus a project may consist of a first-of-a-kind commercialisation or large-scale commercial size demonstration of technologies, processes or business models previously proven at pilot or smaller scale, or large-scale demonstration plants.

A second or more of a kind commercialisation can also be considered innovative under certain conditions. In particular, where the relevant costs remain a significant share of total costs that prohibit commercialisation without further public support.

Smaller demonstrations or pilot plants are also eligible for support, especially if this is the right scale at which technology needs to be proven before moving to a larger scale demonstration.

Projects aimed at scaling up innovative techniques, processes and technologies with a view to their broad roll-out and which contribute significantly to the decarbonisation of the sectors covered by Innovation Fund can be also considered innovative and are eligible for support.

*State-of-the-art: commercial and technological*

The state-of-the-art for a proposed production process, product or service or business model comprises *both* the characteristics of the commercially available process, product or service that is most similar to the proposed one (commercial state-of-the-art) and the already proved characteristics of the proposed technological solution at the highest technological readiness level (technological state-of-the-art). Hence, a proposed project activity or product may be considered as innovative compared to the state-of-the-art if:

- it differs from that normally offered by existing vendors/technology suppliers with respect to key characteristics, such as quality of service, carbon footprint, resource use, etc
- it is not currently offered in the EU market (or, **for INNOVFUND-2023-NZT-GENERAL-SSP topic**, in EU or national markets) by multiple vendors or it is not offered as a standard product or service from a single vendor
- its expected outcomes go well beyond existing solutions
- it is further advanced from previously conducted demonstrations for instance in terms of technology readiness level (TRL) or more generally system readiness level (SRL), covering also integration of various technologies
- optimally, but not necessarily, it also outperforms competing innovations.

The following list presents examples for activities or products that may be considered innovative compared to commercial state-of-the-art:

- a new product/service that requires more than incremental technical adjustments in production facilities/supply chain or a new production set up/plants
- a product service, process or business model substitution i.e. a new product, service, process or business model that eliminates the need for existing products, processes or business model.
- a new technology that can substitute an existing technology, or that allows the novel integrated use of existing technology
- more than incremental adjustments in production facilities/supply chain that enable intrinsically cleaner production, for instance making it possible to substitute (totally or to a large extent) fossil fuel energy with renewable energy
- an existing technical solution or use applied in one sector is applied and more incrementally adapted for a new sector or a different use
- system integration, i.e. an integration of existing technologies with lower system integration readiness today.

#### *Innovation at national level*

For **INNOVFUND-2023-NZT-GENERAL-SSP** topic, in case the reference point of your innovation is 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 then demonstrate how the solution you propose is going beyond this national state of the art.

Proposals going beyond state-of-the-art at national level can meet the minimum threshold of the criterion 'Degree of Innovation', however if a proposal is also going beyond the state-of-the-art at European level, it may receive a higher score.

#### *Going beyond incremental innovation*

The Innovation Fund aims to support projects that go beyond incremental innovation. A more than incremental innovation requires overcoming major technological and/or economic barriers, for instance by upscaling production processes or reducing production costs by an order of magnitude.

In incremental innovation, the degree of innovation is very low since only minor changes or improvements are made to existing products, processes or business models (*which result in e.g. reduction of costs or functional improvements in existing products, services or processes at low levels of uncertainty*). Incremental innovation does not imply substantially new knowledge or technology. Since the Innovation Fund aims to support projects with at least intermediate, possibly even higher degree of innovation, projects which are likely to deliver only incremental innovation will not be retained.

Intermediate or strong degree of innovation is likely to be present in new or considerably changed technologies or processes or business models for the production or delivery of existing or new products or services. Furthermore, novel combinations of mature technologies, the scale-up of innovative technologies and second (or more) commercialisations may also fall under this category, if technological and/or economic barriers need to be overcome to ensure the realisation of the project. Examples could include, for instance, a lack of interoperability between mature technologies, a required increase of the commercial readiness level, an adaptation of existing

solutions to fundamentally different markets. A strong degree of innovation is usually accompanied by an increase of the overall TRL or SRL of key technologies.

Very strong or breakthrough degree of innovation is likely to be present in completely new technologies or processes or business models or completely new products or services, which substitute existing products or business models. Such innovation is likely to lead to significant change that transforms entire markets or industries or creates new ones and is characterised by high uncertainty. For such a level of innovation, the projects usually overcome substantial technological and/or economical barriers, for instance well-known technological limitations or unexpected cost decreases, and are accompanied by a strong increase of the TRL of key technologies or the SRL. A breakthrough innovation entails that the project is a first-of-a-kind commercialisation.

## **Annex 2**

### **Knowledge Sharing**

Knowledge sharing aims to de-risk innovative technologies and solutions with regard to scaling up to a commercial size, accelerating their deployment, increasing the undertaking of and confidence in these technologies and solutions by the investment community and the public, as well as to maintain a competitive market for their post-demonstration deployment.

Projects receiving an Innovation Fund grant will be required to actively share information with the public and other market participants to ensure transparency and knowledge dissemination. Beneficiaries must present the project on their websites and social media accounts.

Knowledge can be shared through the knowledge sharing reports, the GHG emission avoidance reports, or communication and dissemination activities. Knowledge sharing must cover the whole project cycle: reaching financial close, getting to entry into operation and operation. Relevant knowledge sharing areas include project management, financial engineering, permitting, procurement, construction, commissioning, performance, cost level and cost per unit performance, stakeholder engagement, environmental impacts, health and safety, and further research and development needs.

A more in-depth knowledge will be shared with all Innovation Fund projects of the same sector or category and with any other project (from the specific sector or category) that has agreed to share information on the same terms. Fair competition will be safeguarded during knowledge-sharing activities.

More general knowledge on the innovative technologies demonstrated under the Innovation Fund will also be shared with a wider community — Member States, researchers, NGOs, international organisations and other projects.

Confidential (sensitive) information shared by the beneficiaries will be fully preserved. Only anonymised and aggregated information will be shared with the public. Moreover, no information will be disclosed which could lead to the reverse-engineering of the beneficiaries' technology or prejudice their ability to obtain patent or other registered intellectual property right protection.