Innovation Fund

Call for small-scale projects 2021

Award criteria - Project maturity

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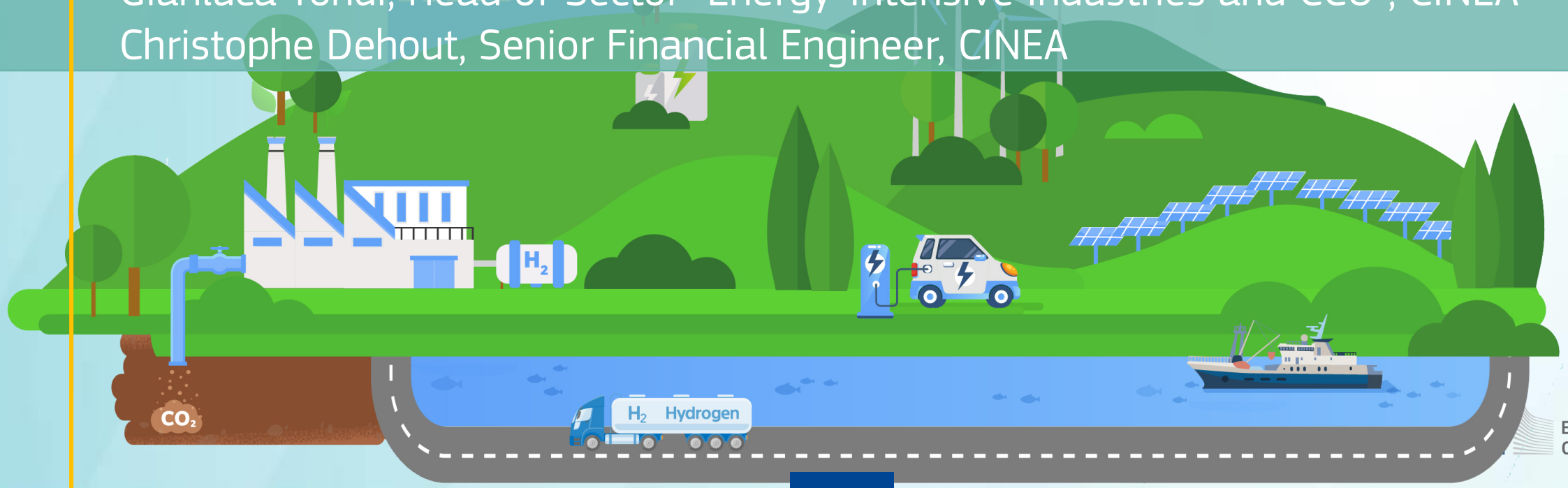


Project maturity

Three sub-criteria:

- **Technical maturity**
- **Financial maturity**
- **Operational maturity**

Technical Maturity – key points

Objective: assess the technical maturity of the proposed projects

Technical feasibility to deliver the expected output and GHG emissions avoidance

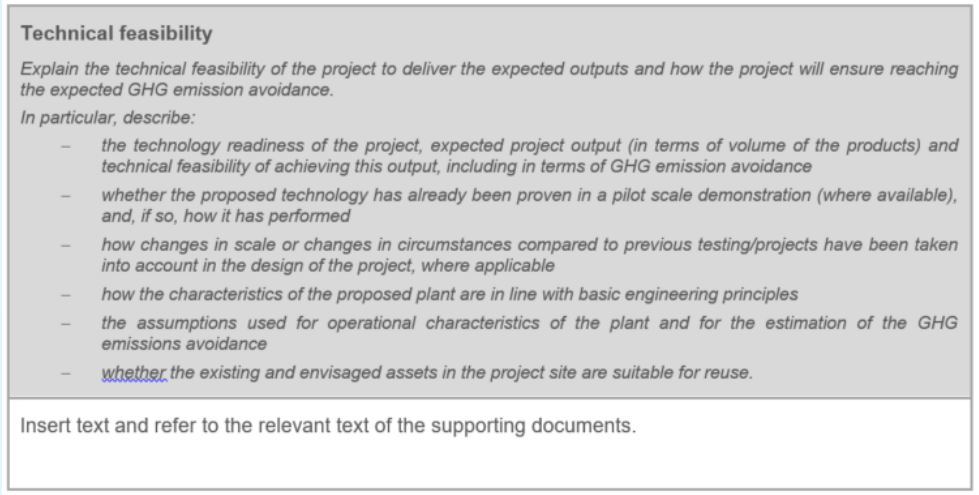
Technology risks and proposed mitigation measures

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

Technical Maturity

Technical feasibility to deliver the expected output and GHG emissions avoidance

Follow the guidance provided in the Application form, section 3.1



Technical feasibility

Explain the technical feasibility of the project to deliver the expected outputs and how the project will ensure reaching the expected GHG emission avoidance.

In particular, describe:

- *the technology readiness of the project, expected project output (in terms of volume of the products) and technical feasibility of achieving this output, including in terms of GHG emission avoidance*
- *whether the proposed technology has already been proven in a pilot scale demonstration (where available), and, if so, how it has performed*
- *how changes in scale or changes in circumstances compared to previous testing/projects have been taken into account in the design of the project, where applicable*
- *how the characteristics of the proposed plant are in line with basic engineering principles*
- *the assumptions used for operational characteristics of the plant and for the estimation of the GHG emissions avoidance*
- *whether the existing and envisaged assets in the project site are suitable for reuse.*

Insert text and refer to the relevant text of the supporting documents.

Guiding principle / key questions to reply:

- Explain the degree of technology readiness of the proposed solution and the technical feasibility of delivering the expected output (e.g. in terms of volume of the products) and, ultimately, achieving the GHG emissions avoidance within its operational environment. In particular:
  - Whether the proposed technology has already been proven in a pilot scale demonstration
  - The characteristics of the proposed plant: are they credible and in line with basic engineering principles?
  - Present clearly the assumptions used for operational characteristics of the plant and ultimately for for the estimation of the expected outputs: have these been selected in a conservative yet accurate manner, i.e. to avoid under/over estimation of the estimated GHG emissions avoidance?
  - Clear reference to relevant parts of the Feasibility study and other supporting documents.

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Technical Maturity

Technical risks and proposed mitigation measures

Follow the guidance provided in the Application form, section 3.4

Technical risks and proposed risk mitigation measures *Describe key risks identified in relation to the technology, the proposed risk mitigation measures and why they are suitable.*
Insert text and refer to the relevant text of the supporting documents.

Guiding principle / key questions to reply:

- Describe key risks identified in relation to the proposed technology,
- Describe the proposed risk mitigation measures and why they are suitable
- Moreover, risks identified should be summarised in the risk table (section 3.4 application form)
- Underpin your analysis with the feasibility study and provide the risk heat map.

Critical risks and risk management strategy

List critical risks, uncertainties or difficulties related to the implementation of your project, and your measures/strategy for addressing them.

Indicate for each risk (in the description) the impact and the likelihood that the risk will materialise (high, medium, low), even after taking into account the mitigating measures.

***Note:** Uncertainties and unexpected events occur in all organisations, even if very well-run. The risk analysis will help you to predict issues that could delay or hinder project activities. A good risk management strategy is essential for good project management.*

Risk No	Description	Work package No	Proposed risk-mitigation measures

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Technical Maturity

Feasibility study

- The feasibility study is a **Mandatory annex**: it should include information in line with the minimum content indicated in section 5 of the call text:
  - Project description (background information, objectives, expected project outputs, innovation)
  - Location analysis and strategic overlook (site, site plans, stakeholders involvement and acceptance)
  - Technical maturity assessment (technology readiness, feasibility of achieving project outputs)
  - GHG avoidance and key consumptions figures
  - Sustainability of the proposed solution
  - Techno-economic feasibility
  - Risks and mitigation measures (including heat map)

Operational Maturity – key points

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

- **Project implementation plan (covering all project milestones & deliverables)**
- **Permits, Rights, Licences and Regulatory procedures**
- **Public acceptance of the project**
- **Project management team and project organisation**
- **Operational risks and proposed mitigation measures**

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

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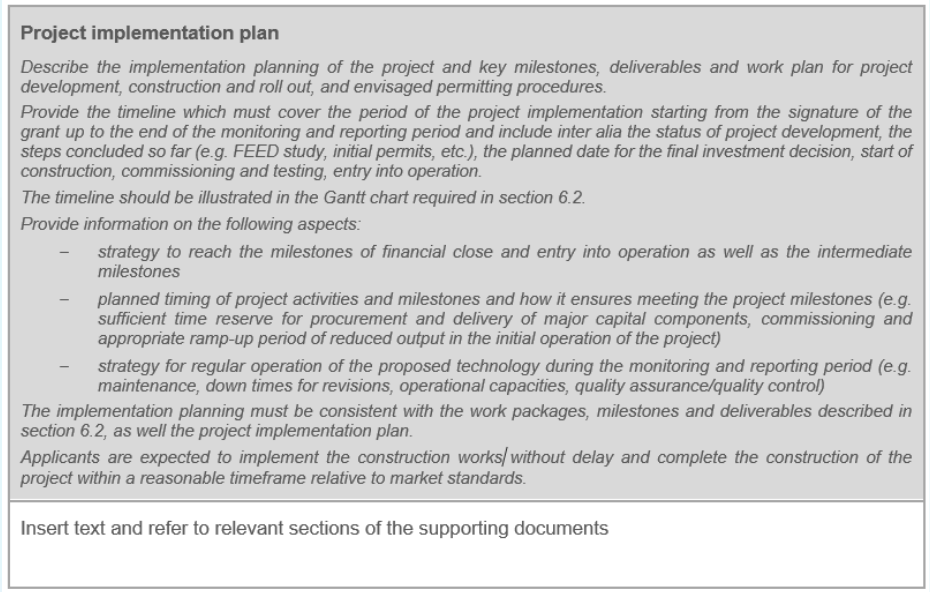
Operational Maturity

Credibility and level of detail of project implementation plan covering all project milestones & related deliverables

Follow the guidance provided in the Application form, section 3.3



Project implementation plan

Describe the implementation planning of the project and key milestones, deliverables and work plan for project development, construction and roll out, and envisaged permitting procedures.

Provide the timeline which must cover the period of the project implementation starting from the signature of the grant up to the end of the monitoring and reporting period and include inter alia the status of project development, the steps concluded so far (e.g. FEED study, initial permits, etc.), the planned date for the final investment decision, start of construction, commissioning and testing, entry into operation.

The timeline should be illustrated in the Gantt chart required in section 6.2.

Provide information on the following aspects:

- *strategy to reach the milestones of financial close and entry into operation as well as the intermediate milestones*
- *planned timing of project activities and milestones and how it ensures meeting the project milestones (e.g. sufficient time reserve for procurement and delivery of major capital components, commissioning and appropriate ramp-up period of reduced output in the initial operation of the project)*
- *strategy for regular operation of the proposed technology during the monitoring and reporting period (e.g. maintenance, down times for revisions, operational capacities, quality assurance/quality control)*

The implementation planning must be consistent with the work packages, milestones and deliverables described in section 6.2, as well the project implementation plan.

Applicants are expected to implement the construction works without delay and complete the construction of the project within a reasonable timeframe relative to market standards.

Insert text and refer to relevant sections of the supporting documents

Guiding principle / key questions to reply:

- Project **milestones** must include at least financial close, entry into operation and annual reporting after the entry into operation (guidance provided in the call text and application form).
- Provide **timeline** from signature of the grant up to the end of the operation period; **ensure consistency** with timetable provided as annex
- **key aspects**: strategy to reach milestones of financial close and entry into operation; ensure timing of planned activities during plant construction; regular operation of the technology during operation period
- implementation planning **consistent** with work packages, milestones and deliverables described in **section 6.**

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Operational Maturity

State of play and credibility of the plan for obtaining required permits, IPR or licences and other regulatory procedures

Follow the guidance provided in the Application form, section 3.3

Permits, rights, licences and regulatory procedures *Describe in detail the regulatory framework impacting the project, any intellectual property rights or licence and other relevant regulatory procedures, relevant permitting processes needed (including permits related to environmental impacts), permits obtained and still needed and the plan for obtaining them.* *Include a timeline indicating the relevant permit application dates, expected reception dates and measures planned to ensure timely granting.*
Insert text and refer to relevant sections of the supporting documents

Guiding principle / key questions to reply:

- Key aspects to be covered: detailed analysis of the regulatory framework; any intellectual property rights or licence; other relevant regulatory procedures; relevant permitting processes needed (including permits related to environmental impacts);
- State of play: description of permits already obtained and still needed and the plan for obtaining them, including timeline indicating the relevant permit application dates, expected reception dates and measures planned to ensure timely granting.

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Operational Maturity

Follow the guidance provided in the Application form, section 3.3

Soundness of the public acceptance strategy

Public acceptance
Describe all environmental impacts expected throughout the project life-cycle (from construction to operation to decommissioning), and the mitigation measures. Explain when the environmental studies, assessments and modelling will take place. *Explain the degree of public acceptance of the technology and the project.* *Explain how public acceptance will be ensured.*
Insert text and refer to relevant sections of the supporting documents

Guiding principle / key questions to reply:

- Detailed description of all environmental impacts expected throughout the whole project life-cycle (from construction to operation to decommissioning), and associated mitigation measures;
- Degree of public acceptance of the technology and the project.
- Clear and specific strategy on how public acceptance will be ensured (please do not limit to generic explanations of the issue).

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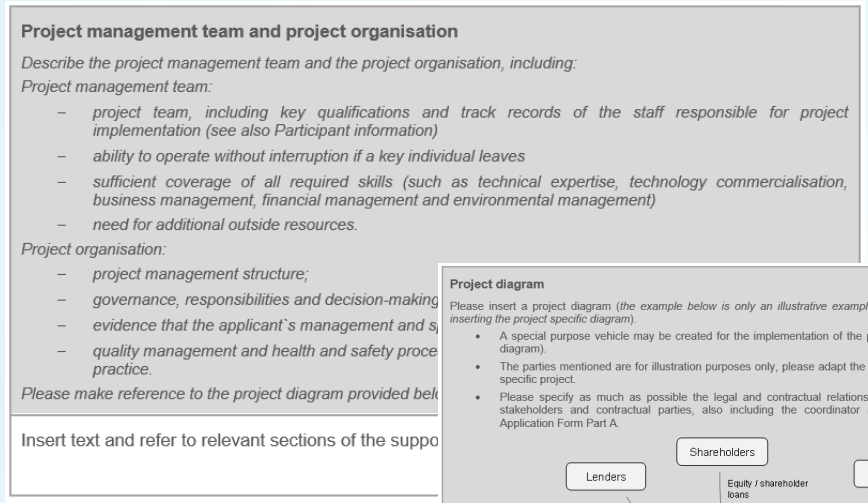
Operational Maturity

Relevance & track record of project management/team and soundness of the project organisation

Follow the guidance provided in the Application form, section 3.3



Project management team and project organisation

Describe the project management team and the project organisation, including:

Project management team:

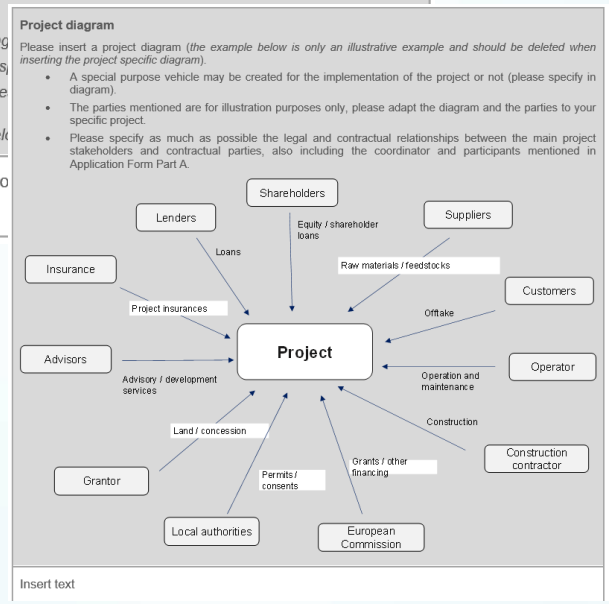
- *project team, including key qualifications and track records of the staff responsible for project implementation (see also Participant information)*
- *ability to operate without interruption if a key individual leaves*
- *sufficient coverage of all required skills (such as technical expertise, technology commercialisation, business management, financial management and environmental management)*
- *need for additional outside resources.*

Project organisation:

- *project management structure;*
- *governance, responsibilities and decision-making*
- *evidence that the applicant`s management and s*
- *quality management and health and safety proce practice.*

Please make reference to the project diagram provided bel

Insert text and refer to relevant sections of the suppo



Project diagram

Please insert a project diagram (*the example below is only an illustrative example and should be deleted when inserting the project specific diagram*).

- A special purpose vehicle may be created for the implementation of the project or not (please specify in diagram).
- The parties mentioned are for illustration purposes only, please adapt the diagram and the parties to your specific project.
- Please specify as much as possible the legal and contractual relationships between the main project stakeholders and contractual parties, also including the coordinator and participants mentioned in Application Form Part A.

Insert text

Guiding principle / key questions to reply:

- Project management team, e.g.: key qualifications and track record; sufficient coverage of all necessary skills; provide justifications on the need for additional outside resources
- Project organisation, e.g. project management structure; governance, responsibilities and decision-making mechanisms and processes within the consortium; quality management, health and safety
- Provide a project diagram visualising the involved actors and organisation of the project

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Operational Maturity

Project implementation risks and credibility of proposed mitigation measures

Follow the guidance provided in the Application form, section 3.4

Guiding principle / key questions to reply:

- Describe key project implementation risks (e.g. related to construction, project design, operation & decommissioning)
- Propose convincing risk mitigation measures and explain in detail why they are suitable
- Summarise the identified risks in the risk matrix in section 3.4 of the application form

Operational risks and proposed mitigation measures

Detailed description of the project's operational risks and the proposed risk mitigation measures. Include all known risks associated with construction, project design, operation and decommissioning, relevant to the project technology, category and sector.

Explain how risks (including timing, weather conditions, commissioning conditions, unexpected or undesired events) are taken into account in the project planning and strategy and the proposed mitigation measures.

Description of measures proposed to handle any potential forced outages (e.g. power plant, capture or separation plant, compression plant, transportation, energy or CO_2 storage site) and operational interdependencies of all parts along the project value chain.

Insert text and refer to relevant text of the supporting documents.

Critical risks and risk management strategy

List critical risks, uncertainties or difficulties related to the implementation of your project, and your measures/strategy for addressing them.

Indicate for each risk (in the description) the impact and the likelihood that the risk will materialise (high, medium, low), even after taking into account the mitigating measures.

***Note:** Uncertainties and unexpected events occur in all organisations, even if very well-run. The risk analysis will help you to predict issues that could delay or hinder project activities. A good risk management strategy is essential for good project management.*

Risk No	Description	Work package No	Proposed risk-mitigation measures

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Financial Maturity – key points

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

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

Financial Maturity – key points

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

Relevant sections of the proposal and mandatory annexes

- **Application form, Part B, sections:**

  3.2 (Financial maturity)

  3.4 (Risks and mitigation measures)

  6 Work packages, activities, milestones

- Mandatory annexes : Business Plan (including financial statements of the project shareholders), Financial Information File **to be filled completely** (which includes the Relevant cost calculator, the financial model Summary Sheet, the grant drawdown schedule and the cost efficiency calculation), Applicant's Financial Model (xls)

New

- Any existing due diligence report (optional)

Financial Maturity

Business Model => Business Plan

- Credibility of the business model and business plan :
  - Describe the proposed project business model, including the project competitive advantage, targeted market(s) and products, barriers to entry and how it addresses market gaps
  - Fully describe and substantiate the main revenues and cost assumptions (CAPEX and OPEX). Include a detailed breakdown and description of prices and volumes assumed (attach any available due diligence)
  - Describe the strategy to secure key contracts with off-takers, key suppliers, construction contractors… Where available, provide contractual evidence for example letters of support, indicative terms from MoU's,..
  - Justify the cost contingencies assumed and ensure that they are in line with market practice in your sector

Financial Maturity

Business Plan => Financial Model

- Robustness of the cash flow projections and project profitability
  - Ensure that the financial projections are coherent with the assumptions of the business plan and across the other application documents
  - Fill in the Financial Model Summary Sheet and make sure the data are coherent with your own financial model and the figures used in the Relevant Cost calculation template
  - Describe project returns over the entire project lifetime with/without the grant and compare it to the WACC
  - Ensure that assumptions used for WACC adequately reflect the project risks

Financial Maturity

Soundness of Financing Plan

- Project Financial Close must be reached 4 years after signing of the Grant Agreement

  ⇒ justify the planned date for Financial Close, clearly describe the work packages, milestones and deliverables up to that date and explain how the project will be financially prepared to enter into operation as expected

- Demonstrate financial viability of your project. Does the financing plan cover construction costs and potential negative operational cash flows?

- If you assume to raise external debt in your financing plan, justify the key terms and that it is in line with market standards. Ensure that the level of debt assumed is supported with stable cash flows to be demonstrated by long-term off-take contracts. If possible, letters from banks substantiating the conditions is always a plus.

- Describe the funding structure including an organizational chart highlighting the main legal entities and where the debt (if any) will be raised (will it be recourse/non recourse?)

- Make sure that grant disbursement is in line with the call text

Financial Maturity

Commitment of project funders

- Describe the state-of-play, nature, level and conditions of support provided by project funders.
- Provide corresponding evidence like letters of interest/support, letters of approval from funders/shareholders or board confirming the support of the financing plan
- Support from other sources including market mechanisms, support from Member States and status/planning for State aid clearance where relevant (provide evidence if you have, not just mention it).

Financial Maturity

Business and financial risks

- Provide a description of the main business and financial risks with the appropriate mitigation measures
- Underpin your analysis with the business plan and provide a risk heat map
- Describe contingency planning and/or contingency funding to cover downside scenarios like lower green price premium, sales growth or lower than anticipated price increase, higher construction cost, absence of additional grant
- Fill in the risk matrix in section 3.4 of the application form part B