

Innovation Fund

Third call for large-scale projects - Award criteria

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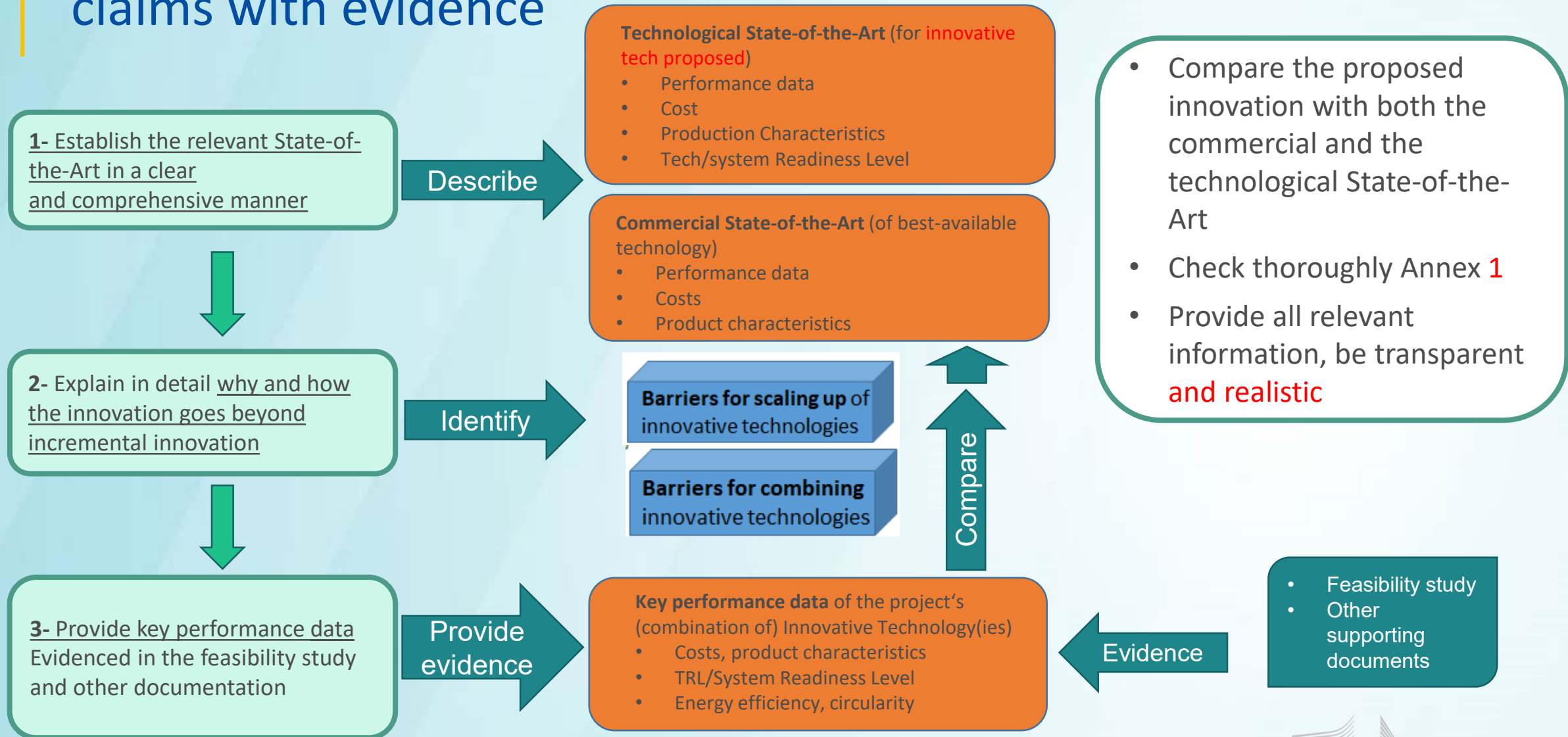
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The Award Criteria

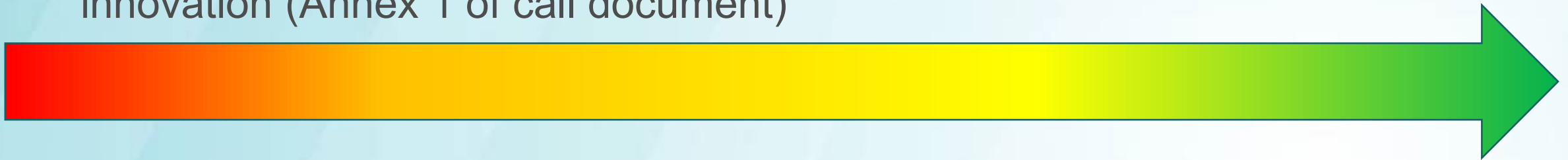
- Degree of Innovation
- GHG emission avoidance
- Bonus points
- Project Maturity: Technical, Financial and Operational maturity
- Scalability

Degree of Innovation (DoI): Be exhaustive and underpin your claims with evidence



Degree of Innovation

The Innovation Fund aims to support projects that go beyond incremental innovation (Annex 1 of call document)



Incremental innovation, the degree of innovation is very low since only minor changes or improvements are made to existing products, processes or business models, projects which will deliver only incremental innovation **will not be retained.**

Intermediate or strong degree of innovation is present in new or considerably changed technologies or processes or business models for the production or delivery of existing or new products or services

Very strong or breakthrough degree of innovation is present in completely new technologies or processes or business models or completely new products or services, which substitute existing products or business models

How to make your proposal successful

- Clearly describe the innovation in the individual elements of the proposed solution and, if relevant, of their combination and their respective degrees of innovation
- Clearly describe the state of the art as a benchmark against which the assessment of the innovation(s) is made (include geographical reference point)
- Evaluators need to be convinced by the application, so substantiate well the performance advancements compared to state-of-the-art solution, provide credible performance data. Consideration of innovation needs to take into account at least plant design; operating approach; construction; performance; reliability & availability; maintenance and economics.

GHG: calculation tools must be used

Examples available



Scalability tab no longer available

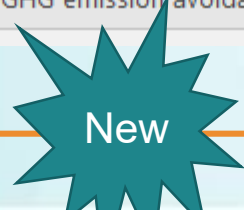
Absolute GHG emissions by scenario and step of the process

Reference and project GHG emissions by step of the production process during the first 10 years of operation, in tCO₂e.

Step	Reference emissions	Project emissions	Variation
	tCO ₂ e	tCO ₂ e	tCO ₂ e
Input	-	-	-
Overview	Summary	Reference emissions	Project emissions
22 Ref _{inputs}	Obligatory		
23 Processes [add rows and column, as needed]			
24 Ref _{processes}			
25 Ref _{processes}			
26 Ref _{processes}			
27 Combustion [add rows and column, as needed]			
...	Proj Conversion Factors	Net carbon removals	Other GHG emission avoidance
			Additional ren. electricity
			Assumptions
			Checklist
			Example GH...

Advisable

Only if relevant



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GHG - Minimum requirements

Comparison with EU ETS benchmark emissions (only for projects producing products with a EU ETS benchmark)

Calculate the GHG emissions per unit of product according to the EU ETS methodology and compare with the equivalent EU ETS benchmark(s) applicable at the time of the application and confirm that the project emissions are **lower than the EU ETS benchmark emissions**.

Sustainability of biomass (only for projects using biomass as feedstock)

Projects using biomass as feedstock must confirm that the biomass used will at least meet the sustainability requirements of the Renewable Energy Directive. 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 Delegated Regulation (EU) 2019/8072.

Additional requirement for “PILOT” projects

At least 75% emissions reductions below the relevant ETS benchmark for industrial installations covered by the EU ETS. For other projects, the relative emission avoidance should be at least 75%

New

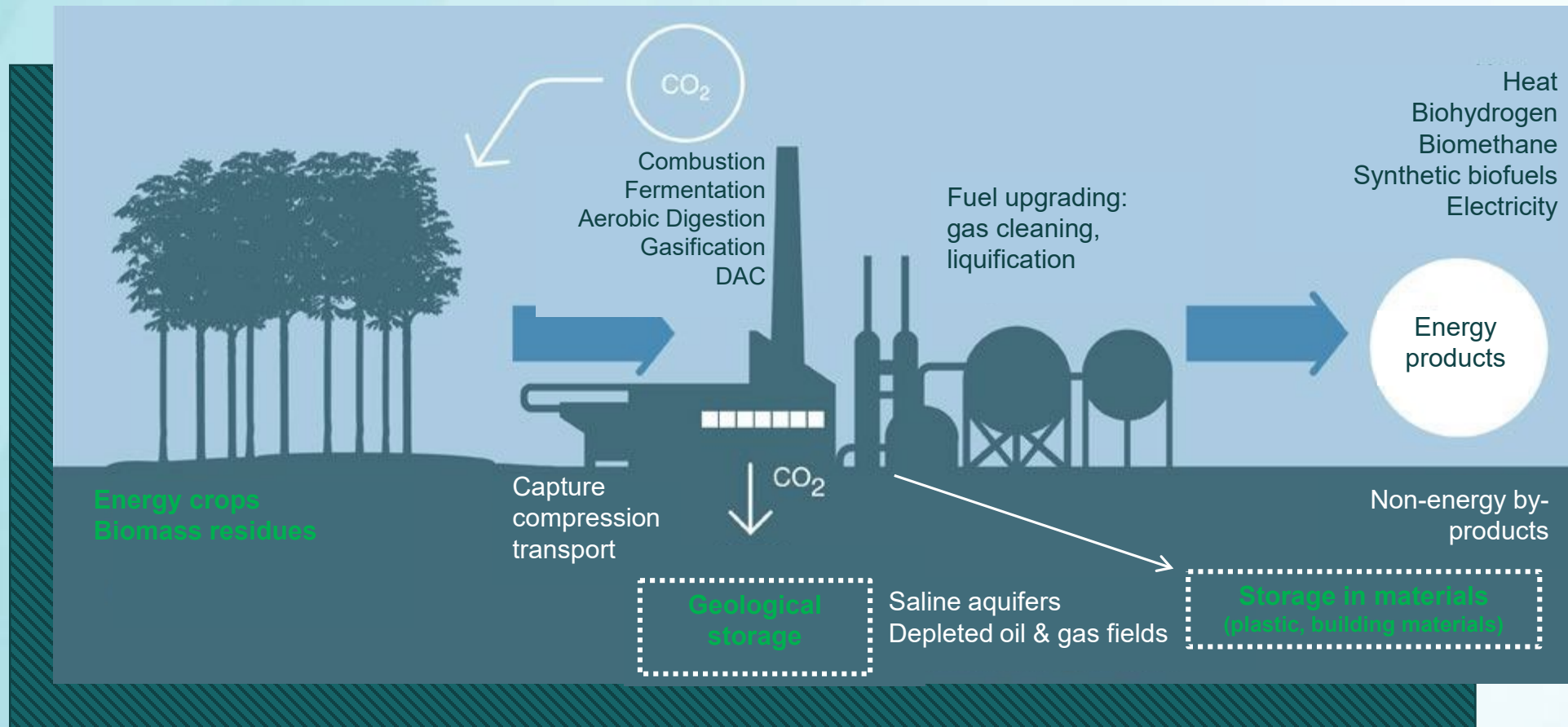
Bonus points



Bonus	
1 - The potential to deliver net carbon removals	1 point (half point 0.5 possible)
2 - other GHG savings from emissions sources that go beyond the boundaries established in the Innovation Fund methodology for the given sector	1 point (half point 0.5 possible)
3: commitment to use electricity from additional renewable sources : projects that propose to use significant amounts of electricity from the grid are encouraged to demonstrate whether they are using additional electricity of renewable origin and whether they are adding to the deployment of renewable energy	1 point (half point 0.5 possible)

Net carbon removals (bonus points)

or negative total project emissions



Project maturity

Three sub-criteria:

- Technical maturity
- Financial maturity
- Operational maturity

Project Maturity - Technical Maturity

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:
 - Has the technology 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 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.

Technical Maturity

Technical risks and proposed mitigation measures

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.

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.

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

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, 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)



Project Maturity : Operational Maturity

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

Project implementation plan

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
 - 6.1 - Work Plan
 - 6.2 – Work Packages, activities, resources and timing
 - Timetable
- Timetable-Gantt chart (mandatory document)
- Any existing due diligence report (optional)

New

Project implementation plan **no longer mandatory** as separate document: all information integrated in Part B of the application form

Operational Maturity

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

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 of Part B.

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

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.

Operational Maturity

Soundness of the public acceptance strategy

Follow the guidance provided in the Application form, section 3.3

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).

Operational Maturity

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

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

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 mechanisms and processes within the consortium;
- evidence that the applicant's management and sponsors are committed to implementing the project;
- quality management and health and safety processes and how they are expected to meet the best industry practice.

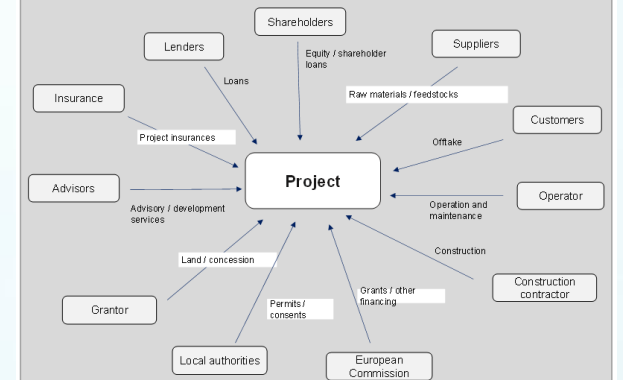
Please make reference to the project d

Insert text and refer to relevant sec

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

Operational Maturity

Follow the guidance provided in the Application form, section 3.4

Project implementation risks and credibility of proposed mitigation measures

Guiding principle / key questions to reply:

- Describe key project implementation risks (e.g. related to construction, project design, operation & decommissioning **or risks stemming from dependencies from other projects**)
- 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 CO₂ 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

Financial Maturity – key points

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

Project business plan and profitability

Soundness of the financing plan

Commitment of project funders

Understanding of project business and 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 management)

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)
- 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 in the Financial Information File and make sure the data are coherent with your own financial model
 - 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
- Demonstrate financial viability of your project. Does the financing plan cover construction costs and potential negative operational cash flows?
- If your financing plan includes external debt, justify the key terms and show they are in line with market standards. Ensure that the level of debt assumed is supported by stable cash flows and reinforced with long-term off-take contracts. If possible, letters from banks substantiating the conditions and letters of potential off-takers are always a plus.
- Describe the funding structure in the 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. This will be even more crucial for unprofitable projects (pilots or others). Also describe the necessary internal approval process.
- 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, do 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 (if any)
- Fill in the risk matrix in section 3.4 of the application form part B

Cost efficiency

Requested Innovation Fund grant

Absolute GHG emission avoidance

During 10 years after entry into operation

Maximum grant is 60% of total relevant costs

Applicants choosing not to apply for the maximum grant will be more competitive when ranked against other applicants in 'cost per unit performance' metric. However if the project will receive project specific state-aid, this must be added to the requested IF grant amount in the numerator of the formula

New

Project Development Assistance

Which projects
can benefit from
PDA?

- Rejected proposals that reach the minimum threshold under degree of innovation, GHG emissions criteria and cost efficiency quality
- Are awarded at least 50% points under each of the project maturity sub-criteria
- Are considered by evaluators as having potential to improve their maturity with PDA
- Are confirmed by the EIB as shortlisted projects for the PDA

How does it
work?

- The PDA support consists of the **EIB expert services** for further development of projects
- Managed separately under project - specific contract with the EIB
- **Up to 20 projects** could benefit from the PDA in this call

Scalability

Objective: assess the scalability and the knowledge sharing

Scalability in terms of efficiency gains

Scalability in terms of further technology or solutions deployment

+

Quality and extent of the knowledge sharing

- Efficiency gains:
 - expected technology **cost reductions**;
 - **efficient use of resources** or other ways to address resource constraints notably in terms of **reduction of use** and **more efficient use** of critical raw materials biomass and other scarce resources, and in terms of **circularity, recycling and recyclability** of such resources.
- Scalability in terms of further technology or solutions deployment:
 - at project site and possible transfer to other sites;
 - at sector level, regionally or across the EU economy or globally;
 - + potential for technology
 - transfer beyond sector

Follow the guidance provided in the Application form, section 4

Scalability

- Which are the related expected additional emission avoidance?
- What's the impact on economic growth and jobs?
- What's the potential to create new value chains or reinforce existing ones in Europe (development of strategic autonomy in industrial supply chains)? Is there a positive impact on competitiveness?
- For projects to a large degree dependent on subsidies, potential to become cost-competitive and financially viable over time in the absence of subsidies.

Quality and extent of the knowledge sharing

Knowledge sharing goals

- ✓ de-risking innovative low-carbon technologies with regard to wide-scale commercialisation
- ✓ acceleration of deployment
- ✓ increasing the undertaking of, and confidence in these technologies by the wider public
- ✓ maintenance of a competitive market for the post-demonstration deployment of the technologies

How to make your proposal successful

Cover in a **clear and exhaustive manner** all the points in the Part B and substantiate them, avoid vague statements as evaluators will be asked whether the claims you made are credible;

- underpin your claims with evidence and analysis
- be realistic in your growth expectations
- address well the resource constraints and any limiting factors for further scale-up

Knowledge sharing activities

Beneficiaries

- Knowledge-sharing reporting
- Own knowledge-sharing activities
- Proactive and systematic communication and dissemination activities at the various project stages

CINEA

- information, communication and promotion actions
- organise specific seminars, workshops or, where appropriate, other types of activities to facilitate exchanges of experience, knowledge and best practices as regards the design, preparation and implementation of projects

Knowledge sharing in practice

- Knowledge-sharing is an obligation of the grant award: failure to comply means that the grant award may be adjusted
- But no obligation to disclose if risk of reverse engineering/ability to obtain patent
- Knowledge-sharing will start after grant signature, i.e. includes the periods to financial close and to entry into operation
 - ➔ [See draft Knowledge-sharing template](#)
- Knowledge-sharing plan: possibility for beneficiaries to do more than the minimum obligation

The knowledge-sharing plan shall set the objectives, key messaging, target audiences, communication channels, social media plan, and relevant indicators for monitoring and follow up of own knowledge-sharing activities