



Brussels, 1.12.2020  
C(2020) 8188 final

ANNEX

**ANNEX**

**to the**

**Commission Decision**

**amending Decision C(2020) 4352 of 2 July 2020 as regards the launch of the call for proposals for small-scale projects in 2020**

## **ANNEX**

### **Financing of the activities of the Innovation Fund and modalities for launching the calls for proposals for the Innovation Fund support to be published in 2020**

#### **1. Introduction**

The Decision sets out the modalities for launching the calls for proposals in 2020 to implement the Innovation Fund established under Article 10a(8) of Directive 2003/87/EC.

On the basis of the rules on the operation of the Innovation Fund laid down in Delegated Regulation (EU) 2019/856, the Decision contains the activities to be financed and the breakdown of the global budgetary envelope of EUR 1 132 136 000 for year 2020 as follows:

- (a) for grants under the call for proposals for large-scale projects implemented under direct management (point 2): EUR 1 000 000 000;
- (b) for grants under the call for proposals for small-scale projects implemented under direct management (point 3): EUR 100 000 000;
- (c) for expenditure related to the provision of project development assistance (point 4): EUR 25 000 000, out of which, respectively, EUR 8 000 000 and EUR 2 000 000 will be reserved for grants in the form of project development assistance services to the project proponents under the call for proposals for large-scale projects, and under the call for proposals for small-scale projects;
- (d) for other administrative expenditure, including complementary actions under direct management (point 5): EUR 7 136 000.

Legal basis

Article 9 of Delegated Regulation (EU) 2019/856
-------------------------------------------------

Budget line

34 03 01: EUR 1 132 136 000
-----------------------------

Objectives pursued

Operational objectives of the Innovation Fund are set out in Article 3 of Delegated Regulation (EU) 2019/856.

#### **2. call for proposals for large-scale projects**

Legal basis

Article 9 of Commission Delegated Regulation (EU) 2019/856
------------------------------------------------------------

Timeline

Q3 2020
---------

Overall estimated amount of the Innovation Fund support available for the call for proposals for large-scale projects

EUR 1 000 000 000 for grants (point 2) and EUR 8 000 000 for the project development assistance (point 4)

Types of solicited projects or sectors

The call for proposals for large-scale projects targets projects in sectors listed in Annex I to the Directive 2003/87/EC, including environmentally-safe carbon capture and utilisation, products substituting carbon intensive ones produced in sectors listed in Annex I, construction and operation of projects that aim at the environmentally-safe capture and geological storage of CO<sub>2</sub>, as well as innovative renewable energy and energy storage technologies. Projects implemented in the Member States, Iceland and Norway shall be eligible.

Type of applicants targeted by the call for proposals

Legal entities established in the Member States, Iceland and Norway, as well as third countries (provided that the requirements as to the project implementation territory are complied with) whose activities and technologies fall into one of the sectors covered by the Innovation Fund are eligible to participate.

Maximum possible rate of co-financing of the eligible costs and the form of the Innovation Fund support

In accordance with the third subparagraph of Article 10a(8) of Directive 2003/87/EC, the maximum co-financing rate is 60 % of the relevant costs of projects, out of which up to 40% need not be dependent on verified avoidance of greenhouse gas emissions, provided that pre-determined milestones, taking into account the technology deployed, are attained.

The Innovation Fund support to projects, except for the project development assistance, shall be disbursed as grants in the form of lump sums.

Description of the application procedure and a detailed list of information and documentation to be submitted at each phase of the application procedure

Only projects above EUR 7 500 000 of capital expenditure (large-scale projects) shall be eligible for the Innovation Fund grants under the call for proposals for large-scale projects. The grants shall be awarded following a competitive selection process via the call for proposals. A two-stage application procedure shall be established, comprising the expression of interest phase and the full application phase.

During the expression of interest phase, applicants shall submit, within a specific deadline, the application forms using the Union's Electronic Submission Service and in particular shall include the following documents and information:

- (a) information on the legal status of the applicant;
- (b) description of key project characteristics in line with the requirements laid down in the call for proposals, including the description of the project's (action's) effectiveness in terms of greenhouse gas emission avoidance potential, degree of innovation, and maturity as specified in points (a), (b) and (c) of Article 11(1) of the Delegated Regulation (EU) 2019/856 (award criteria);
- (c) information on the sources and amounts of the Union or Member State funding received or applied for in respect of the same project (action) or part of the project (action) or for the functioning of the applicant during the same financial year;
- (d) a feasibility study;
- (e) a business plan;
- (f) a project implementation plan.

During the full application phase, in addition to the aforementioned documents, applicants shall be required to submit, in particular the following documents and information:

- (a) a detailed description of project's characteristics in line with the requirements laid down in the call for proposals, including the description of the project's (action's) effectiveness in terms of greenhouse gas emission avoidance potential, degree of innovation, project maturity, scalability and cost efficiency as specified in Article 11(1) of Delegated Regulation (EU) 2019/856 (award criteria);
- (b) documents necessary to demonstrate the applicants' operational capacity (concrete list of documents will be provided in the call);
- (c) a knowledge-sharing plan.

Detailed information on the selection procedure, including the methodology for evaluation and ranking

### **The selection (award) criteria**

The projects shall be awarded grants based on the criteria established in Article 11 of Delegated Regulation (EU) 2019/856.

### **Methodology for evaluation and ranking**

The methodology for the selection procedure, evaluation and ranking of projects shall be established in accordance with principles laid down in Article 12 of Delegated Regulation (EU) 2019/856.

Innovation and Networks Executive Agency ('INEA') shall organise the evaluation process. All submitted proposals shall be evaluated by independent external experts against the predefined selection (award) criteria. For this purpose, the external evaluators shall use the qualitative and quantitative indicators that will be set out in the call text.

At the expression of interest phase, the external experts shall assess a project's effectiveness in terms of greenhouse gas emission avoidance potential, its degree of innovation and project maturity.

Of the projects that score sufficiently under the three criteria, the highest-ranked projects shall be invited to submit a full application.

At the expression of interest phase, projects that meet the minimum requirements under each criterion, shall be ranked according to the sum of points received under the three award criteria. The maximum number of points for each criterion will be 5.

For the purpose of ranking, where projects have an equal number of points, the following rules shall apply:

- (a) where a project receives more points under the criterion degree of innovation, it will be ranked higher compared to a project with the same total number of points;
- (b) if the rule referred to in point (a) does not suffice, a project that is ranked higher in its specific sector will be ranked higher compared to a project with the same total number of points. For the purposes of this rule, a ranking list shall be established for each sector based on the total number of points under the three award criteria.

Of the projects that are not invited to submit a full application, the projects may be considered for the project development assistance provided that they:

- (a) meet the minimum requirements under greenhouse gas emissions avoidance and degree of innovation criteria; and
- (b) are awarded at least 50% of total points under the project maturity criterion;
- (c) are considered by evaluators as having the potential for improving their maturity through specific project development assistance.

The INEA shall communicate the list of projects eligible for the project development assistance to the European Investment Bank (the EIB). The EIB shall provide an opinion on a short-list of the projects that could be awarded the project development assistance. A consultation with Member States shall take place regarding the award of the project development assistance before the Commission takes the final decision. The awarded

projects shall be invited to sign a project development support agreement with the EIB.

Up to 70 highest-ranked projects shall be invited to submit the full application on the basis of the following criteria:

- (a) the order of their ranking;
- (b) the budget available for grants multiplied by 2.5.

Where the funding requested by the projects invited to the full application phase does not exceed the budget available for grants multiplied by 2.5, the other highest-ranked projects may be invited to submit the full application.

At the full application phase, projects shall be assessed against all selection (award) criteria, and those with the highest scores shall be shortlisted. A consultation with Member States shall take place regarding the pre-selected projects before the Commission takes the final award decision, provided the budget availability.

*Specific details shall be provided as a part of the call documentation published together with the call for proposals, on the EC corporate Funding and Tender portal: <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home>*

Implementation

The grant element of the call for proposals for large-scale projects shall be implemented in direct management by the Commission and the INEA.

### **3. Call for proposals for small-scale projects**

#### Legal basis

Article 9 of Commission Delegated Regulation (EU) 2019/856

#### Timeline

Q4 2020

Overall estimated amount of the Innovation Fund support available for the call for proposals for small-scale projects

EUR 100 000 000 for grants (point 3) and EUR 2 000 000 for the project development assistance (point 4)

#### Types of solicited projects or sectors

The call for proposals for small-scale projects targets projects in sectors listed in Annex I to the Directive 2003/87/EC, including environmentally-safe carbon capture and utilisation, products substituting carbon intensive ones produced in sectors listed in Annex I, construction and operation of projects that aim at the environmentally-safe capture and geological storage of CO<sub>2</sub>, as well as innovative renewable energy and energy storage technologies. Projects implemented in the Member States, Iceland and Norway shall be eligible.

#### Type of applicants targeted by the call for proposals for small-scale projects

Legal entities established in the Member States, Iceland and Norway, as well as third countries (provided that the requirements as to the project implementation territory are complied with) whose activities and technologies fall into one of the sectors covered by the Innovation Fund are eligible to participate.

Maximum possible rate of co-financing of the eligible costs and the form of the Innovation Fund support

In accordance with the third subparagraph of Article 10a(8) of Directive 2003/87/EC, the maximum co-financing rate is 60 % of the relevant costs of projects, out of which up to 40% need not be dependent on verified avoidance of greenhouse gas emissions, provided that pre-determined milestones, taking into account the technology deployed, are attained.

The Innovation Fund support to projects, except for the project development assistance, shall be disbursed as grants in the form of lump sums.

Description of the application procedure and a detailed list of information and documentation to be submitted during the application procedure



Only projects between EUR 2 500 000 and EUR 7 500 000 of capital expenditure (small-scale projects) shall be eligible for the Innovation Fund grants under the call for proposals for small-scale projects. The grants shall be awarded following a competitive selection process via the call for proposals. A single stage application procedure shall be established.

During the application procedure, applicants shall submit, within a specific deadline, the application forms using the Union's Electronic Submission Service and in particular shall include the following documents and information:

- (a) information on the legal status of the applicant;
- (b) a detailed description of project characteristics in line with the requirements laid down in the call for proposals, including the description of the project's (action's) effectiveness in terms of greenhouse gas emission avoidance potential, degree of innovation, maturity, scalability, and cost efficiency as specified in Article 11(1) of the Delegated Regulation (EU) 2019/856 (award criteria);
- (c) information on the sources and amounts of the Union or Member State funding received or applied for in respect of the same project (action) or part of the project (action) or for the functioning of the applicant during the same financial year;
- (d) a feasibility study;
- (e) a business plan;
- (f) documents necessary to demonstrate the applicants' operational and financial capacities (concrete list of documents will be provided in the call).

Detailed information on the selection procedure, including the methodology for evaluation and ranking

### **The selection (award) criteria**

The projects shall be awarded grants based on the criteria established in Article 11(1) of Delegated Regulation (EU) 2019/856.

### **Methodology for evaluation and ranking**

A specific methodology for the selection procedure, evaluation and ranking of small-scale projects shall be applied in accordance with Article 12(6) of Delegated Regulation (EU) 2019/856.

The INEA shall organise the evaluation process. All submitted proposals shall be evaluated by independent external experts against the predefined selection (award) criteria. For this purpose, the external evaluators shall use the qualitative and quantitative indicators that will be set out in the call text.

The external experts shall first assess the degree of innovation criterion. They shall then assess the maturity and greenhouse gas emission criteria, but only for the proposals that successfully pass this first assessment. Only the proposals that successfully pass the assessment of the maturity and greenhouse gas emission criteria, will be further assessed under the scalability and cost efficiency criteria.

Proposals that meet the minimum requirements under each criterion, shall be ranked according to the sum of points received under the five award criteria. The maximum number of points for each criterion will be 5. For the purpose of calculating the sum of points, degree of innovation and project maturity will have double weighting.

For the purpose of ranking, where proposals have an equal number of points, the following rules shall apply:

- (a) a project to be implemented in the Member State, Iceland or Norway with lower number of highly-ranked proposals will be ranked higher compared to a project with the same total number of points;
- (b) if the rule referred to in point (a) does not suffice, a project that received more points under the criterion scalability will be ranked higher compared to a project with the same total number of points.

Proposals with the highest scores shall be invited for the grant preparation provided the budget availability. A consultation with the Member States shall take place regarding the pre-selected proposals before the Commission takes the final award decision, provided the budget availability.

Of the projects that are not invited for the grant preparation, the projects may be considered for the project development assistance provided that they:

- (a) meet the minimum requirements under greenhouse gas emissions avoidance and degree of innovation criteria; and
- (b) are awarded at least 50% of total points under the project maturity criterion;
- (c) are considered by evaluators as having the potential for improving their maturity

through specific project development assistance.

The INEA shall communicate the list of projects eligible for the project development assistance to the European Investment Bank (the EIB). The EIB shall provide an opinion on a short-list of the projects that could be awarded the project development assistance. The Commission shall consult the Member States regarding the award of the project development assistance before taking the final decision. The awarded proposals shall be invited to sign a project development support agreement with the EIB.

*Specific details shall be provided as a part of the call documentation published together with the call for proposals, on the EC corporate Funding and Tender portal: <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home>*

Implementation

The grant element of the call for proposals for small-scale projects shall be implemented in direct management by the Commission and the INEA.

#### **4. Actions implemented in indirect management**

##### **Project development assistance (PDA)**

Legal basis

Article 13 of Delegated Regulation (EU) 2019/856

Description of the activities to be funded

The financial and technical experts of the EIB shall provide extensive and specific technical and financial support to the projects selected for project development assistance with a view to improving the projects' maturity.

The EIB shall provide support depending on the project's needs. The support may take any of the following forms:

- (a) analysis of the market context for the project and carrying out of related studies;
- (b) critical assessment of the overall project's technical feasibility and financial viability including advice on the business plan and financial plan;
- (c) revision of the resource assessment of renewable energy sources, energy yield assessment and associated carbon footprint;
- (d) revision of project contracts and advice on technical adequacy, consistency among the contracts and their suitability to achieve the project's cash flow projections;
- (e) revision and advice on power purchase agreements and other contracts such as the project concession and grid connection agreement;
- (f) revision and advice on reasonableness and adequacy of parameters of the financial model sensitivity scenarios, including technical data inputs and calculations for accuracy, reasonableness and consistency with projection of energy production, project contracts and permits;
- (g) revision and advice on the adequacy of the working capital, estimated operating budget for the project, and other relevant technical aspects that should be considered in the financial model;
- (h) revision and advice on licenses, construction and environmental permits for the project to ensure that the legislative and regulatory requirements for construction and operation and maintenance of the projects are met;
- (i) revision of the project's compliance with national environmental performance requirements, including compensation measures and their potential impact on the project;
- (j) bankability assessment, advice on other potential public or private sources of financing and advice on measures to improve the attractiveness of the project to potential funders;
- (k) identification of the key gaps in the project documentation, and provision of recommendations to address these gaps;
- (l) advice on the development or improvement of the project implementation plan;
- (m) advice on technical and engineering aspects of the project, including project costs, technical options, and the selected technology;
- (n) advice on procurement strategy and planning;
- (o) advice on tender documents, procurement, project implementation and engineering supervision;
- (p) identification of Member State financing measures that should be notified to the Commission in view of getting state aid clearance.

## Implementation

The EIB shall implement the PDA following the conclusion of the agreement between the Commission and the EIB.

## **5. Other administrative expenditure, including complementary actions under direct management**

### Legal basis

Article 16(2) of Delegated Regulation (EU) 2019/856

### Description of the activities to be funded

1. Evaluation of projects by external experts during the application procedure;
2. IT costs related to the on-boarding of the Innovation Fund to the eGrants system of the Commission;
3. Communication, studies and other relevant public procurement costs.

## Implementation

The activities shall be implemented in direct management by the Commission and the INEA.