



European Hydrogen Bank

Pilot Auction under the Innovation Fund

14 December 2023

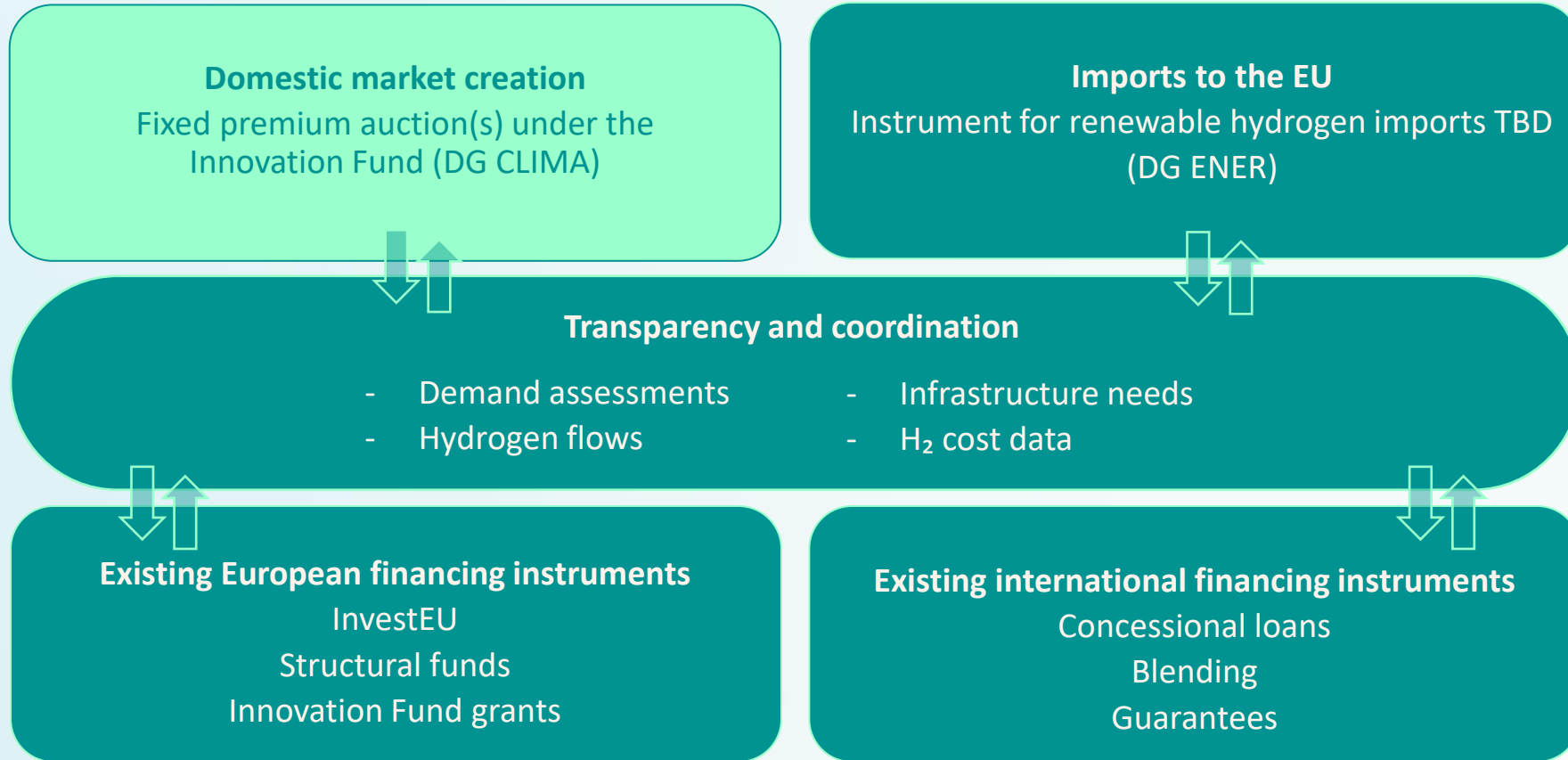
Javier Garcia Fernandez
Policy Officer, DG CLIMA

The European Hydrogen Bank

- Announced in the State of the Energy Union 2022 – linked to **REPowerEU** objectives
- Communication adopted on 16 March 2023
- **Pilot auction** opened on 23 November 2023
- **Auctions-as-a-service**



European Hydrogen Bank proposed activities



IF23 Auction objectives

Putting Europe's net-zero industry in the lead:



Reducing the cost gap between renewable and fossil hydrogen in the EU



Allowing for **price discovery** and renewable hydrogen **market formation**



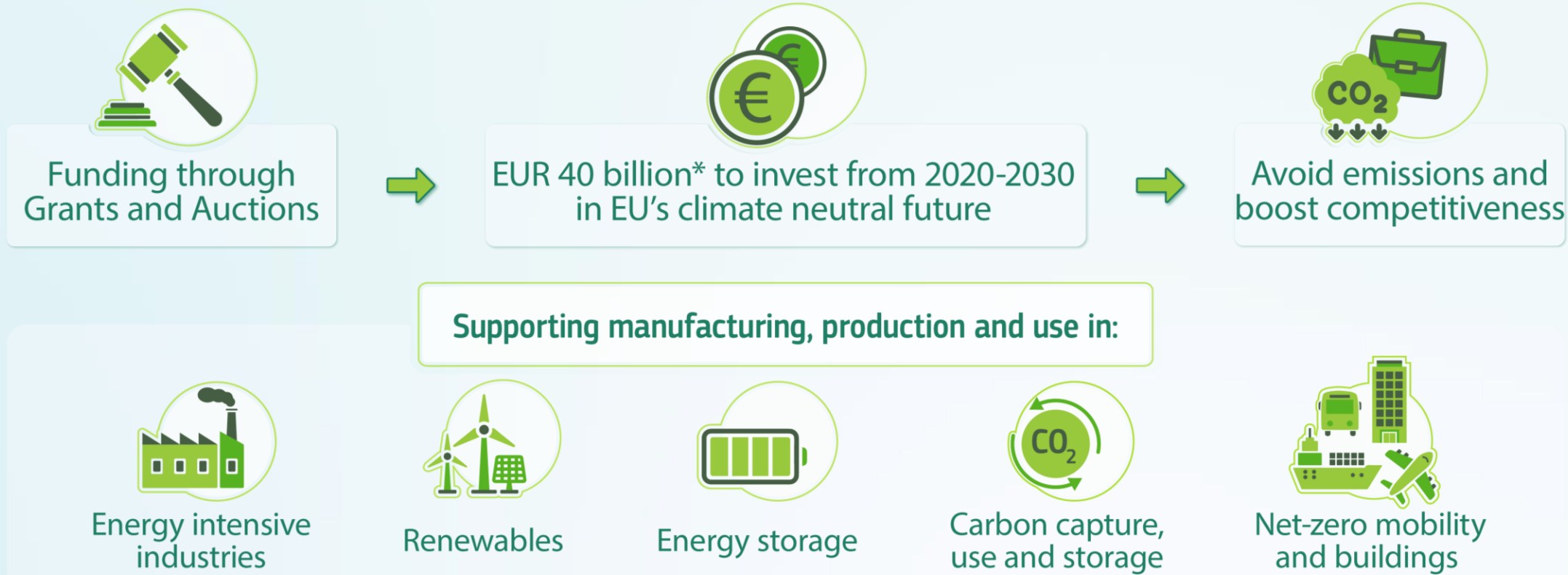
De-risking European hydrogen projects



Reducing administrative burdens

Innovation Fund

Deploying innovative net-zero technologies for climate neutrality

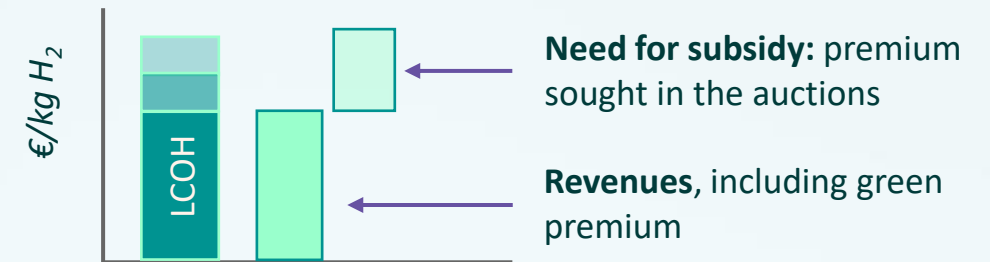


*based on a carbon price of 75 EUR/tonne 

simplicity and implementation speed in mind...

- Budget: **€800 million**
- Auctioned good: **RFNBO hydrogen**
- Support in form of a **fixed premium** in €/kg of renewable hydrogen **produced** over **10 years**
- Bids **ranked on price** – budget allocated to projects with the lowest specific support requirements
- Other award criteria assessed **Pass/Fail**
- **Pay-as-bid** (no indexation to inflation)
- **Output based support**, upon verified and certified production of RFNBO volumes (no payments before entry into operation)
- **Semi-annual** payments

Fixed-premium auction



Bids ranked on price only



Requirements for participating projects

Minimum electrolyser capacity

5MWe per bid

- one location in EEA, no virtual capacity pooling
- new capacity only (no “start of works” prior to application)

Maximum requested grant per project (=price*volume) capped

1/3 of total auction budget (€800m) to avoid “winner takes all”

Maximum bid price (“ceiling price”)

4.5 €/kg of RFNBO hydrogen produced

Planned entry into operation

less than **5 years** from grant signature

No restriction on off-take sectors or origin of electrolysers

Termination for severe under-production over 3 consecutive years

Below 30% on average of planned yearly average volume

Completion guarantee (“deposit”)

4% of maximum grant amount

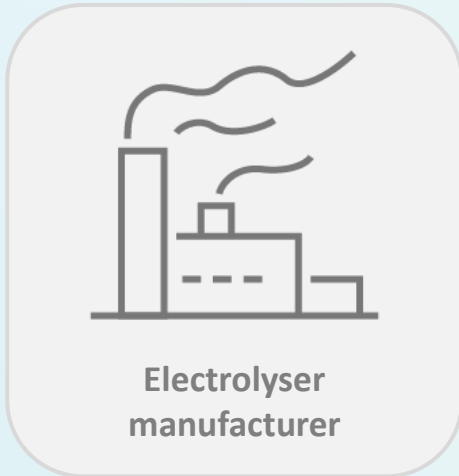
- To enter the auction, you need to provide an Lol for the guarantee from a financial institution
- To sign GA, you need the financial institution to issue the guarantee

Reporting at the end of the support period

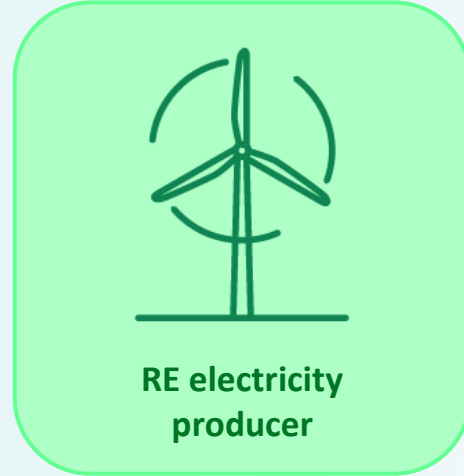
Certification of 70% GHG savings on overall production

- Independent third-party certificate or audited report

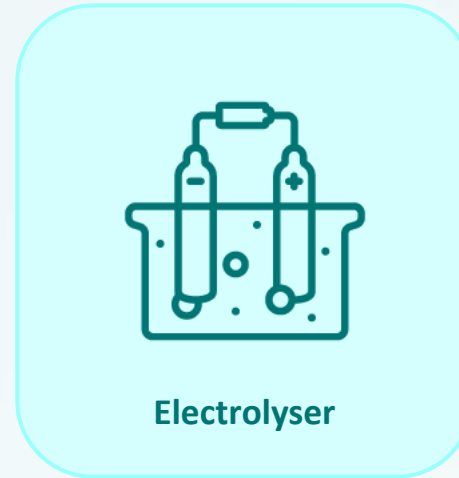
General cumulation rules with other support



✓ Other public support is allowed

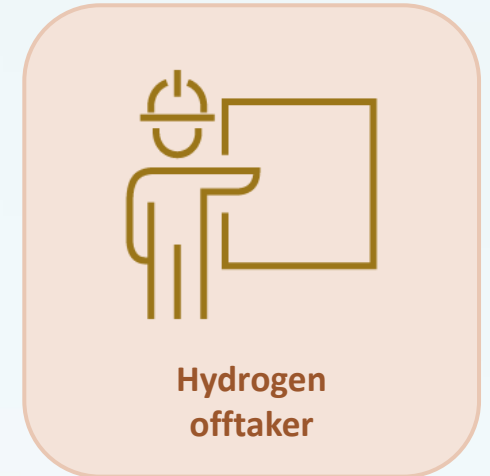


Rules for public support spelled out in RFNBO Delegated Act



✗ Cumulation is in general not allowed

✓ Some exceptions to this rule

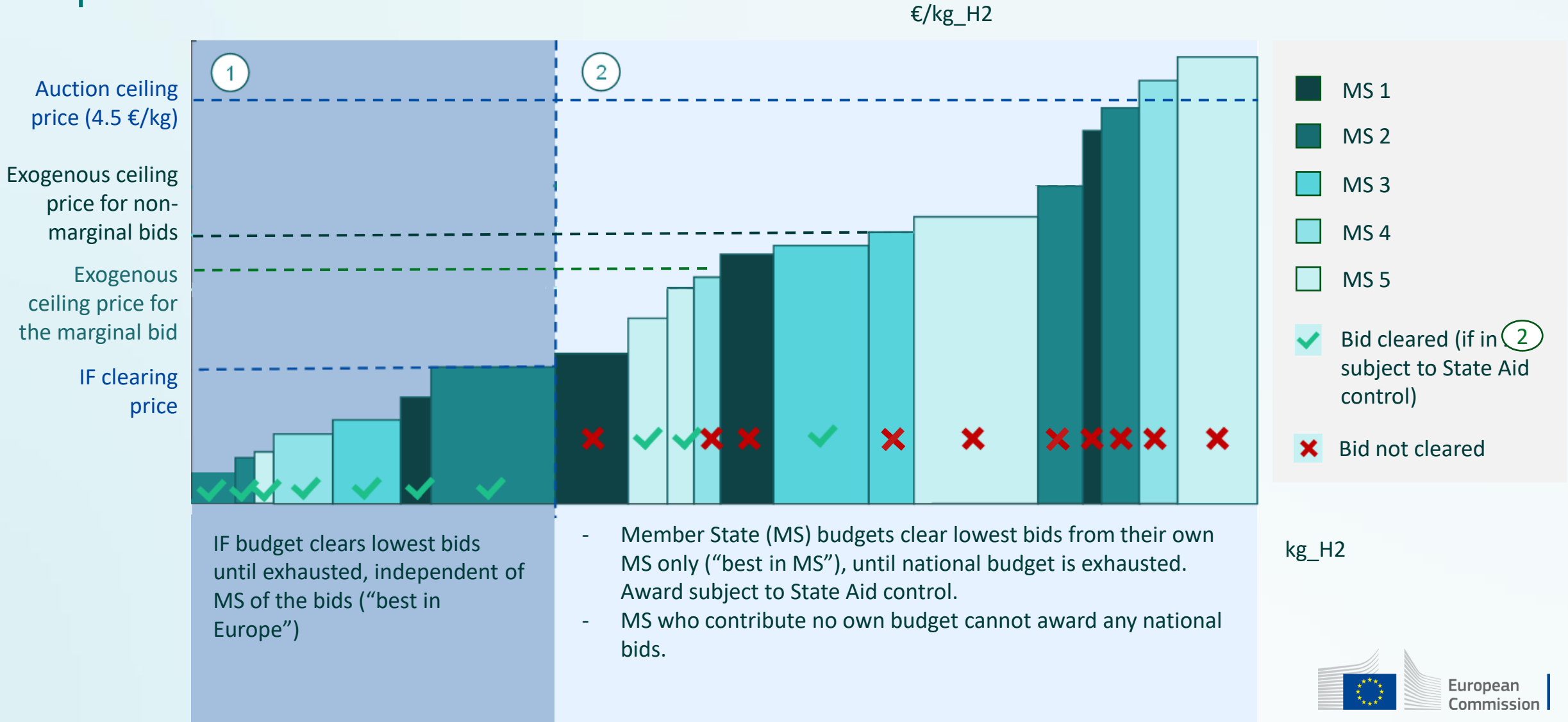


✓ For CAPEX or non-dedicated infrastructure other public support is allowed

✗ For OPEX related to consumption of hydrogen from auction winner other public support is not allowed

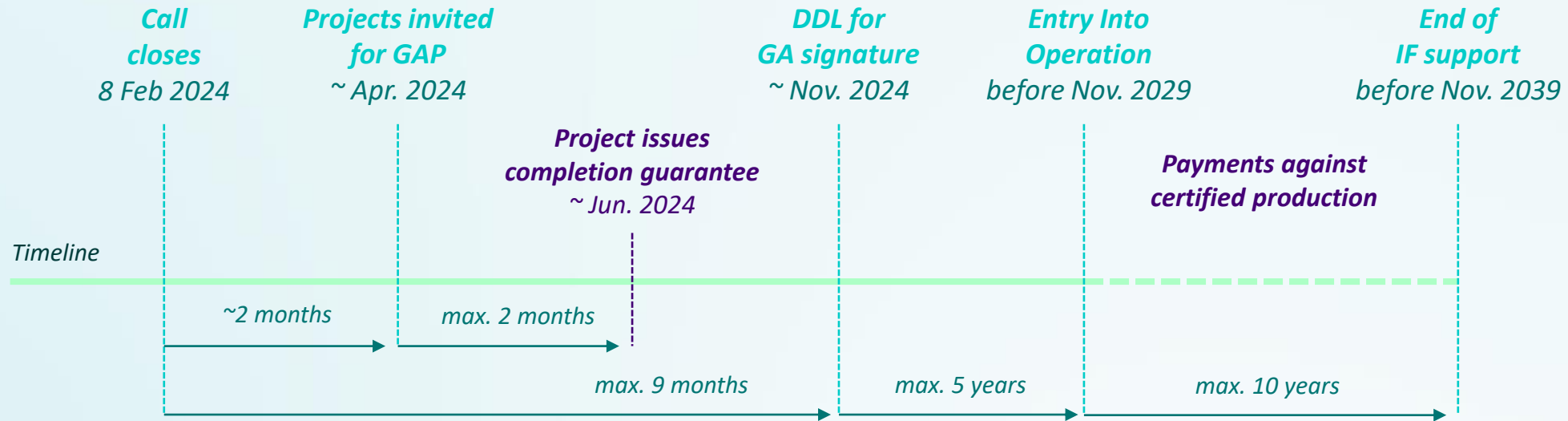
Auctions-as-a-Service

illustrative



IF23 Auction implementation timeline

indicative



- Evaluation is simplified (compared to regular grants) and much faster: approx. 2 months
- If the completion guarantee is well prepared, winners could sign grants well before the deadline for GA Signature
- Maximum time to Entry into Operation (EiO) of 5 years to allow projects to manage delays, but normally EiO can be achieved earlier

Assessment criteria

Relevance and Quality

Relevance

Pass/Fail

Contribution to the objectives of this call
(i.e. production of RFNBO hydrogen
based on the sourcing strategy)



Quality

Pass/Fail

Technical maturity
Financial maturity
Operational maturity



Ranking

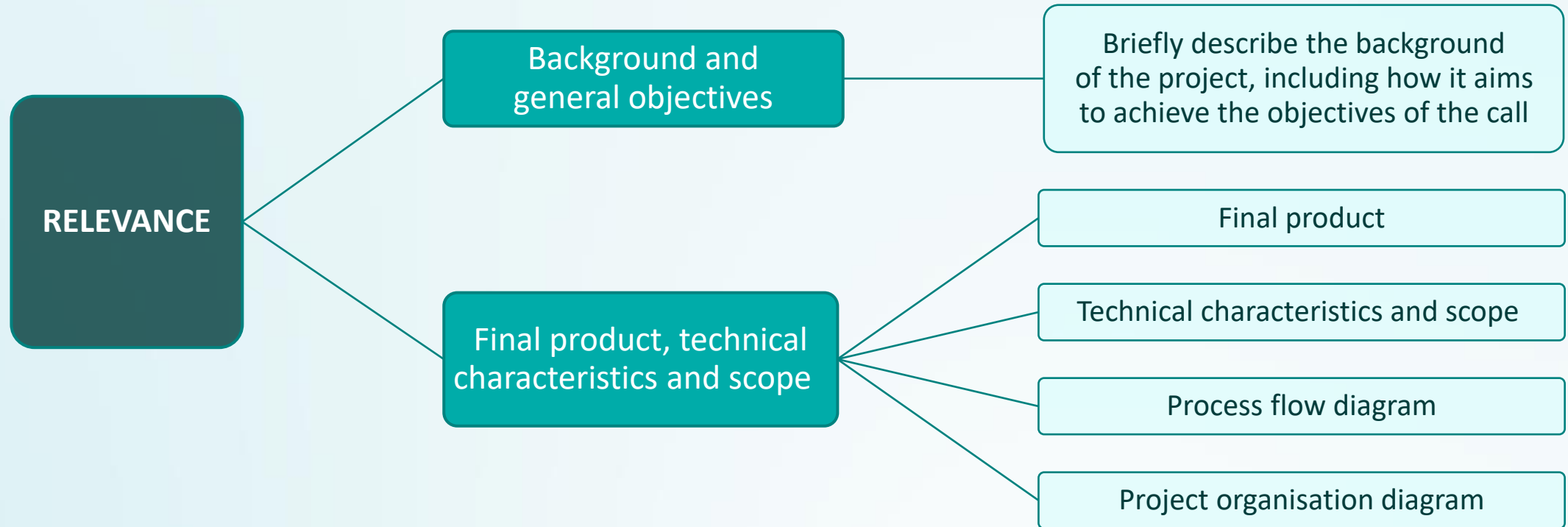
Pass/Fail

- According to the bid price
(in € per kg, with two digits after the comma)
- Within the limits of the available budget



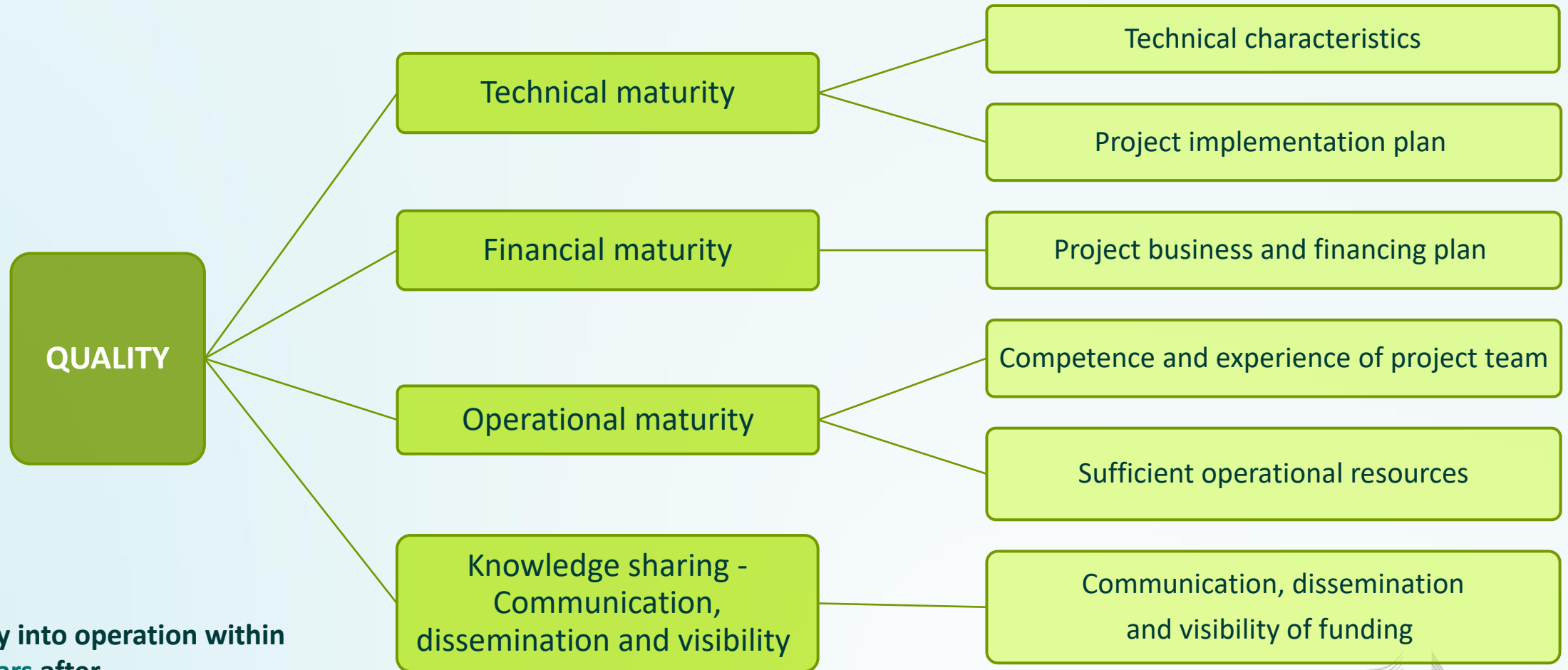
Assessment criteria

Relevance and Quality



Assessment criteria

Relevance and Quality



Entry into operation within
5 years after
GA signature

Assessment criteria

Relevance and Quality

Renewable electricity sourcing strategy

Hydrogen off-take and price hedging strategy

Electrolyser procurement strategy

Plan to receive environmental permits on time

Plan to receive grid connection permits on time

Completion guarantee letter of intent



Credibility & consistency of the documents

Key Information

- Auction opened on **23 November** and **close on 8 February**
- Available application information through in [EU Funding & Tender Portal](#)
- Any questions? Ask us at [EU Funding & Tenders InnovFund HelpDesk](#)

More information



All (past) call documents available on the **Funding and Tenders Portal** including:

- ✓ Guidance and calculation tools on GHG emissions and relevant costs
- ✓ Frequently asked questions

<https://europa.eu/!QB67by>

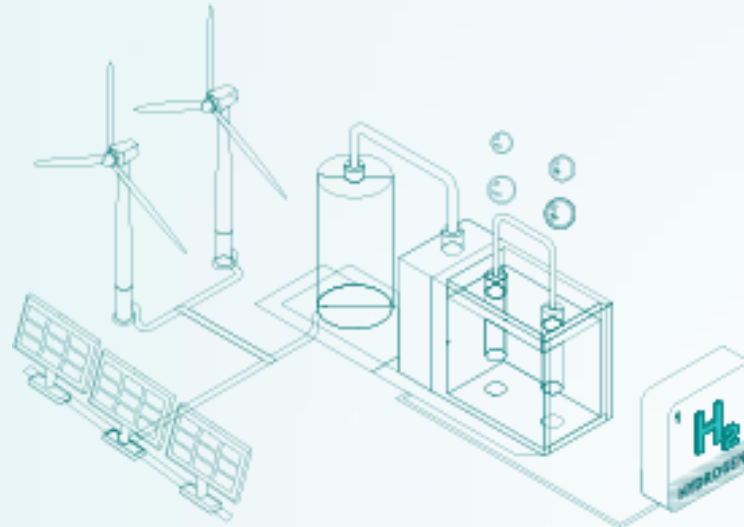


Further info, planning of new calls, recorded webinars and videos available on the IF Website:

<https://europa.eu/!rx34Dt>

And more videos available on YouTube:

<https://bit.ly/2WxK8w7>



Let's keep in touch



climate.ec.europa.eu

cinea.ec.europa.eu/programmes/innovation-fund_en



[@EUClimateAction](https://www.facebook.com/EUClimateAction)



[@EUClimateAction](https://www.x.com/EUClimateAction)

[@cinea_eu](https://www.x.com/cinea_eu)



[@EUClimateAction](https://www.youtube.com/EUClimateAction)

[CINEATube](https://www.youtube.com/CINEATube)



clima-innovation-fund@ec.europa.eu



[Subscribe to the Innovation Fund mailing list](#)



[EU Environment and Climate](#)

[European Climate, Infrastructure and Environment Executive Agency](#)



[@ourplanet_eu](https://www.instagram.com/ourplanet_eu)

Thank you



© European Union 2023

Unless otherwise noted the reuse of this presentation is authorised under the [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/) license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.,

Exceptions for electrolysers



Electrolyser

X Cumulation is in general not allowed

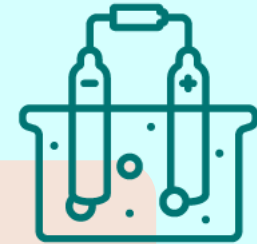
V Some exceptions to this rule

V Very early stages of the project (e.g. feasibility, FEED studies, research)

V Capacity expansion

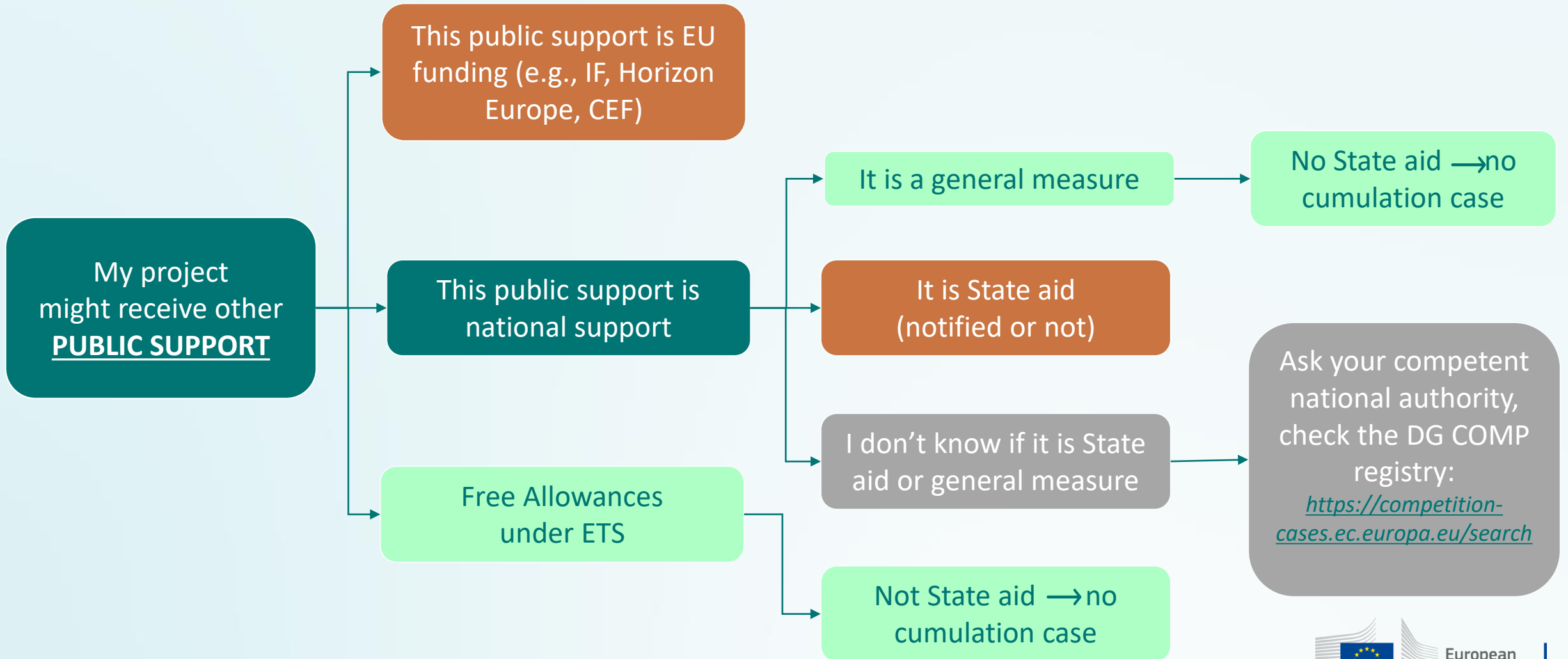
V Reduction from levies on electricity consumption, which finance energy and environmental policy objectives (as described in point 403 and section 4.11 of the CEEAG)

V Support for transport and storage infrastructure connected to the project, provided that the infrastructure is not dedicated to this project only



Electrolyser

Types of public support



Assessment criteria

Quality criteria – Financial maturity

Objective:

- assess the project capacity to reach entry into operation within 5 years of grant signature.

**Credibility of
business plan**

Application Form

B 2.2 + FIF

**Credibility of
Off-take and price
hedging strategy**

**Soundness of
the financing plan**

Application Form

B 2.2 + FIF

Consistency across all documents of the application is key!

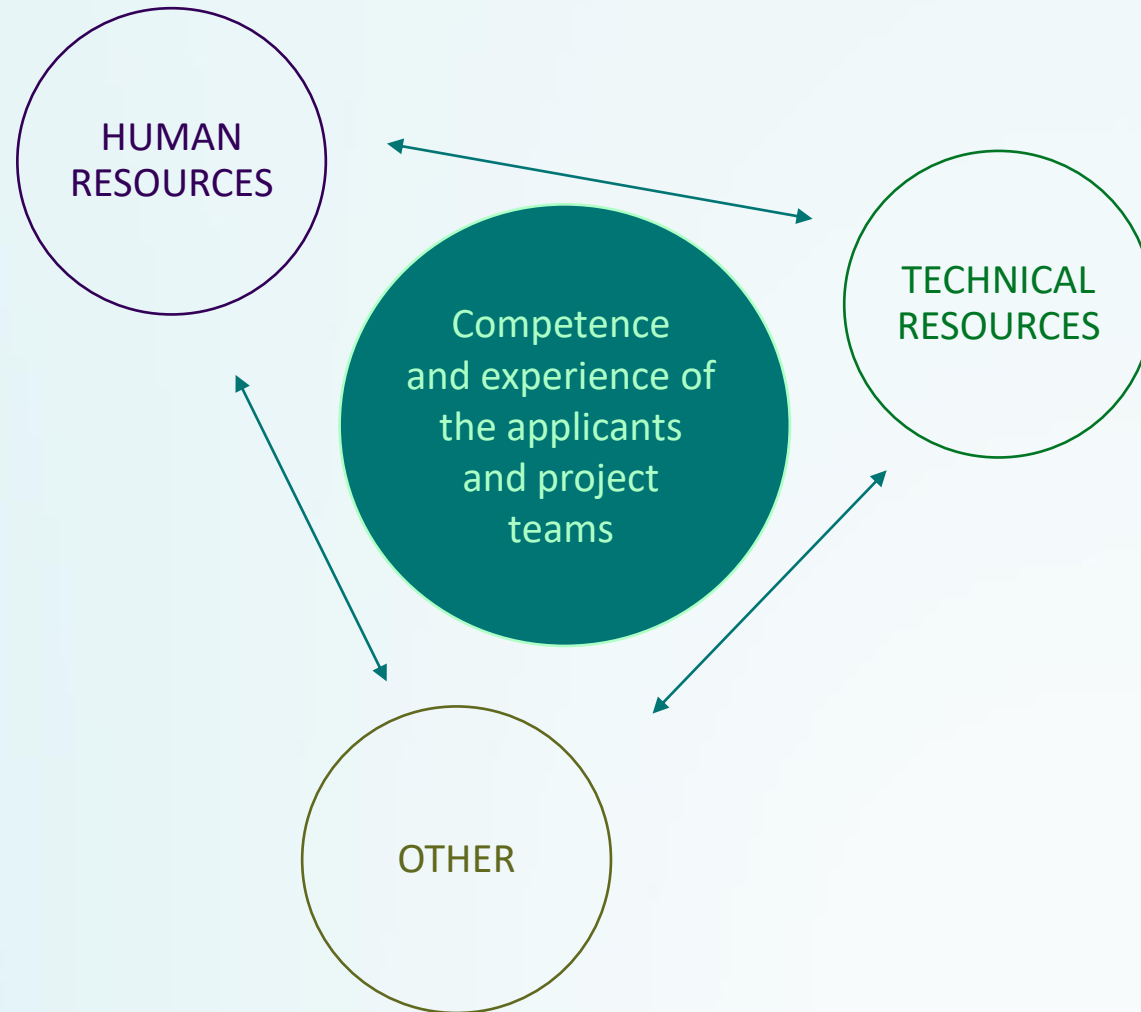
Assessment criteria

Quality criteria – Technical maturity

Project implementation plan/schedule	<ul style="list-style-type: none">• State of play• Timeline for obtaining the required permits<ul style="list-style-type: none">✓ For achieving project's planned financial close✓ For EPC contracting✓ For achieving entry into operation• Project implementation state at submission of the application
Gantt Chart	<ul style="list-style-type: none">• The deadlines defined in the Call document
Project's supporting documents listed in section 5 of the Call document	<ul style="list-style-type: none">• Sourcing strategy• Equipment procurement strategy• Status of permits and authorisations ...

Assessment criteria

Quality criteria – Operational maturity



Exceptionally, the measures proposed to obtain them by the time the task implementation starts.