

BUDGET	APPLICATION PERIOD
<p style="text-align: center;"><b>1 000 000 000 €</b></p> <p>100-400 °C, 3-5 MW<sub>th</sub>: 150 000 000 €            100-400 °C, ≥ 5 MW<sub>th</sub>: 350 000 000 €            &gt;400 °C, ≥ 3 MW<sub>th</sub>: 500 000 000 €</p> <p>Auction as a Service: additional funds for projects in these countries:            Spain (100-400 °C, 3-5 MW<sub>th</sub>): 30 000 000 €            Spain (100-400 °C, ≥5 MW<sub>th</sub>): 20 000 000 €</p>	<p style="text-align: center;">From 04 December 2025 to 19 February 2026 (17:00:00 CET)</p>
ELIGIBLE PERIOD	TYPE OF FUNDING
<p style="text-align: center;">Between 5 and 9 years from Grant Agreement signature</p>	<p style="text-align: center;">Grant</p>
OBJECTIVE	
<p>The objective of this topic is to <b>reduce GHG emissions in industry by cost-effectively supporting the market uptake of electrified and direct-renewable industrial process heat in Europe</b>. This auction will support innovative projects:</p> <ul style="list-style-type: none"> <li>○ <b>Electrifying industrial process heat</b> via technologies such as heat pumps, direct and indirect resistance heating, electromagnetic and dielectric heating, plasma heating.</li> <li>○ <b>Using direct-renewable</b> (solar thermal or geothermal) heat for industrial heat processes.</li> <li>○ <b>Hybrid projects</b> of the above-mentioned technologies.</li> </ul> <p>The electrified or direct-renewable process heat needs to be produced by <b>new thermal capacity</b> (i.e. heating production units for which start of works starts after the time of application), and installed in a <b>single location</b> (virtual pooling of capacity is not allowed).</p> <p>There will be <b>three topics</b> ('auction baskets'):</p> <ol style="list-style-type: none"> <li>1. <b>Medium-temperature heat (100-400 °C)</b>, by projects sized of <b>3-5 MW<sub>th</sub></b>.</li> <li>2. <b>Medium-temperature heat (100-400 °C)</b>, by projects that have the size <b>≥5 MW<sub>th</sub></b>.</li> <li>3. <b>High-temperature heat (&gt;400 °C)</b>, by projects that have the size <b>≥3 MW<sub>th</sub></b>.</li> </ol> <p><u>Auction conditions</u></p> <p>This call is awarded based on a <b>competitive bidding procedure</b> (one-stage auction with no minimum or ceiling prices). For each topic:</p> <ul style="list-style-type: none"> <li>○ Proposals will be first ranked according to their bid price from the lowest to highest.</li> <li>○ Those proposals whose maximum grant amounts fit within the Innovation Fund basket/topic budgets, and the proposals necessary to fill the reserve list, if any, will be assessed against the award criteria of 'Relevance' and 'Quality', on a pass/fail basis.</li> </ul>	

- Remaining proposals will be rejected. They will not be evaluated against the 'Relevance' and 'Quality' award criteria.

The last proposal that exceeds the call budget will be added to the reserve list.

## BENEFICIARIES AND CONDITIONS

The applicants must be **legal entities (public or private bodies)** and the projects must be **located in the EEA countries** (i.e. EU plus Norway, Iceland or Liechtenstein). In addition, the projects must:

- **Reach financial close within 2 years** after grant signature.
- **Enter into operation within 4 years** after grant signature.
- **Operate for normally 5 years** (maximum grant disbursement period).

The grant agreement may be terminated, or the grant reduced if the electrified/direct renewable industrial heat production (and consequently the GHG abatement) falls on average below 30% of the expected yearly average volume as stated in the bid for three consecutive years. This average will be calculated over a rolling 3-year period.

## FUNDING CHARACTERISTICS

The grant will be a **unit grant**. This means that it will reimburse a fixed amount per unit, based on unit contributions, corresponding to the **fixed premium per unit of production of the final product as stated in the bid ('pay as bid')**.

The grant will be a fixed premium subsidy for direct GHG abatement (expressed in EUR/tCO<sub>2</sub> abated) achieved through the above technologies ('pay-as-bid'), which will be linked and proportional to demonstrated CO<sub>2</sub> abatement **for a maximum period of 5 years**.

### Bid components

1. Subsidy requested per unit of produced heat (EUR/MWh<sub>th</sub>).
2. Bid price (EUR/tCO<sub>2</sub> abated): An automatic formula in the application form will translate the requested subsidy into the bid price, using the following conversion factors:
  - For projects that install a new heat production unit without decommissioning existing capacity (default value): 0.170 tCO<sub>2</sub>/MWh
  - For projects that replace existing fossil fuel-powered plants which are decommissioned at the same time the new plant is implemented:
    - Natural gas: 0.202 tCO<sub>2</sub>/MWh
    - Hard coal: 0.341 tCO<sub>2</sub>/MWh
    - Lignite: 0.364 tCO<sub>2</sub>/MWh
    - Heating oil: 0.264 tCO<sub>2</sub>/MWh
3. Nominal thermal capacity (MW<sub>th</sub>) of the heat production unit that produces electrified industrial process heat or direct-renewable process heat that will be installed and verified as being operational by the time of entry into operation.

4. Volume of expected average yearly electrified/direct-renewable heat produced (MWh<sub>th</sub>).

Maximum grant amount

The maximum grant amount will be calculated as:

$$\left[ \text{Bid price in } \frac{\text{€}}{\text{tCO}_2} \right] * \left[ \text{expected average yearly volume of GHG abated in } \frac{\text{tCO}_2}{\text{year}} \right] * 5 \text{ years}$$

A restriction on the maximum grant amount per bid applies:

- EUR 100 million in both medium-temperature heat topics.
- EUR 250 million in the high temperature heat topic.

In addition, the subsidised heat production will be **limited by default to the equivalent of 70% of hours per year at nominal capacity**. A project cannot receive a subsidy for produced volumes above this amount, unless at Entry into Operation:

- it indicates that it can follow a flexible ramping schedule for consuming electricity from the grid without damage to the equipment or compromising product quality. In this case the full-load hour restriction is increased to 80%;
- it proves investment into electricity or thermal storage for the purpose of the project sufficient to replace the project's electricity consumption from the grid or the heat demand of the process for 4h by 20% within 1h. In this case the full-load hour restriction is entirely lifted; or
- it deploys heat pumps with Coefficient of Performance (COP) of at least 2.0 or direct renewable heat. In this case the full-load hour restriction is entirely lifted.

Reporting and payment agreements

There is no pre-financing payment. There will be one or more interim payments:

- Reporting Period 1, after:
  - Financial close, within a maximum of 2 years (end of WP 1: 3 months after planned financial close date) — no payment.
  - Entry into operation, within a maximum of 4 years (end of WP 2: 3 months after planned entry into operation date) — no payment.
  - First 6 months of operation (end of WP3) – first interim payment
- Reporting Periods 2-10: semi-annual payments after entry into operation (WP 4 to 12).

**ELIGIBLE COSTS**

Innovation Fund support will take the form of a **fixed premium payment** linked and proportional to demonstrated CO<sub>2</sub> abatement for a maximum period of 5 years.

Projects must install new thermal capacity to produce industrial process heat through direct electrification, direct-renewables (solar thermal or geothermal) or hybrid projects of these technologies. A minimum installed capacity of 3 MW<sub>th</sub> or 5 MW<sub>th</sub> is required, depending on the selected topic, and it must be in a single location (virtual pooling is not permitted).

The following activities are not considered as eligible for funding:

- Heat production for space heating or sale to district heating.
- Biomass or hydrogen use for industrial heat production.
- Electrolysis processes (e.g. in the aluminium sector).
- Electric arc furnaces for steel making.
- Projects that involve the installation of new fossil fuel-fired capacity as part of the same installation as concerns the project.

### OTHER CONSIDERATIONS

- The proposals will follow the standard submission and evaluation procedure (one-stage submission. The **award criteria** for this call are as follows:
  - **Relevance (Pass/Fail):** Contribution to the objectives of the call; consistency, quality, soundness and reliability of the information provided in the proposal.
  - **Quality (Pass/Fail):** Technical and financial maturity and operational quality, in terms of the project's readiness to reach financial close within 2 years and enter into operation within 4 years after signature of grant agreement; consistency, quality, soundness and reliability of the information provided in the proposal. Subcriteria:
    - Technical maturity.
    - Financial maturity.
    - Operational maturity.
  - **Price:** Bid price in EUR / tCO<sub>2</sub> abated to be expressed with two digits after the comma.
- Projects must comply with the 'Do No Significant Harm' (DNSH) Technical Screening Criteria (TSCs) set in Commission Delegated Regulations (EU) 2021/2139 ('Climate Delegated Regulation') and (EU) 2023/2486 ('Environment Delegated Regulation').
- A **completion guarantee covering 6% of the maximum grant amount** will be requested from projects invited to prepare grant agreement. This completion guarantee must be able to be called on first demand by the granting authority if the project (i) does not reach approved financial close within 2 years, or (ii) does not reach approved entry into operation within 4 years after signing the grant agreement.
- **Open and competitive calls.**
- **Incentive effect.** The electrified or direct-renewable process heat needs to be produced by new thermal capacity.
- **This sheet is merely informative and, thus, does not gather all the information. Referring to the regulatory legislation is imperative.**