

BUDGET	APPLICATION PERIOD
1 000 000 000 €	From 03 December 2024 to 24 April 2025 (17:00:00 CET)
ELIGIBLE PERIOD	TYPE OF FUNDING
Between 3 and 15 years from Grant Agreement signature	Grant
OBJECTIVE	
<p>Innovation Fund provides grants for projects aiming at commercial deployment of innovative low-carbon technologies which go beyond incremental innovation (i.e., first-of-a-kind commercialisation; large-scale commercial size demonstration of technologies, processes or business models previously proven at pilot or smaller scale; pilot plants).</p> <p>This topic supports projects on electric vehicle battery cells manufacturing in order to enhance Europe’s industrial capacity and leadership in this net-zero technology and to ensure that battery production capacity in the EU/EEA is ready to respond to increased demand for electric vehicles, in line with the mandatory standards on CO₂ emission performance of light- and heavy-duty vehicles.</p> <p>The following activities can be funded:</p> <ul style="list-style-type: none"> ○ <u>Manufacturing of cells that can be used in electric vehicle batteries</u>: Electric vehicle batteries are defined as batteries specifically designed to provide electric power for traction in hybrid or electric vehicles of category L as provided for in Regulation (EU) No 168/2013, that weighs more than 25 kg, or a battery that is specifically designed to provide electric power for traction in hybrid or electric vehicles of categories M, N or O as provided for in Regulation (EU) 2018/858. ○ Optionally, the project (i.e. in case of horizontally integrated projects) may also include the additional production of <u>upstream components</u> such as: cathode precursor material (pCAM), cathode active material (CAM), anode active material (AAM), electrolyte, separator, as well as <u>battery or battery material recycling</u>. <p>The outputs of upstream component production steps or recycling included in the project scope may not exceed 100% of the project's battery cell production capacity (outputs going beyond 100% cannot be included in the project scope).</p>	
BENEFICIARIES AND CONDITIONS	
<p>The applicants must be legal entities (public or private bodies) established in any country in the world. Projects can be carried out by individual entities or consortium of several applicants. However, the projects must be located in EU Member States or EEA countries (i.e. Norway, Iceland or Liechtenstein). In addition, the projects must:</p> <ul style="list-style-type: none"> ○ Reach financial close within 4 years after grant signature. ○ Operate at least 3 years after entry into operation. 	

FUNDING CHARACTERISTICS

The grant will be a **lump sum grant**, which means that it will reimburse a fixed amount calculated on the basis of the Relevant Costs of the project and a **fixed funding rate of 60%** (or lower requested grant amount, if any).

There is no pre-financing payment. There will be one or more interim payments, which will be done after demonstrating the completion of the work packages (periodic technical reports are required to request payments).

The lump sum breakdown must comply with the following limits:

- Up to 40% of the maximum grant amount for the reporting periods (RPs) until financial close, depending on the value of the work package(s).
- Remaining amount of at least 60% for the RP(s) after financial close. Generally, at least 10% for the period after Entry into operation.

Grant and budget limits

- There is not a maximum amount of Innovation Fund grant for an individual project.
- The CAPEX of the project must be above 2 500 000 €.
- The cost efficiency ratio (request grant / absolute GHG emission avoidance of the project) must be equal or lower than 200 €/tCO₂-eq.

ELIGIBLE COSTS

The Relevant Costs are calculated as the difference between the best estimate of (i) the economic costs (covering investment and operation) and (ii) the economic revenues and operational benefits, **arising during construction and over the first ten years of operation** after the Project's entry into operation:

$$\text{Relevant Costs} = \text{CAPEX} + \text{PV of OPEX} + \text{PV of Maintenance CAPEX} - \text{PV of Operational Benefits} - \text{PV of Revenues}$$

* PV = Present value

Thus, the following parameters shall be considered for the relevant costs calculation:

- **CAPEX**: Capital expenditure for project development or construction, before the project's entry into operation, and which relate exclusively to the following categories:
 - Construction costs: design, engineering, procurement, construction, commissioning and testing of the project.
 - Site infrastructure costs: development or maintaining of the basic physical and operational components of the location of the project.
 - Development costs: permitting and environmental assessment; planning, design, engineering, start-up and testing; legal, insurance and other advisors; personnel costs; professional fees and fees for environmental permits.
 - Intangible assets: patents, trademarks, copyrights and Intellectual Property rights related and purchased by the project.
 - Contingencies.

- **Maintenance CAPEX:** All costs necessary to maintain the project's operational capacity (e.g., replacement of key equipment or the implementation of periodic system updates).
- **OPEX:** Operational expenditures related to the following categories:
 - Operations and Maintenance (O&M) of a project, including, where applicable, any feedstock costs such as costs of fuel.
 - Decommissioning costs, provided they occur in the first ten years after entry into operation of a project.
 - Financial lease costs.
 - R&D cost provided that these are needed to keep the innovation competitive. This necessity should be duly justified.
- **Operational Benefits:** Any revenue received by the project from the sale of EU ETS allowances for reductions in CO₂ emissions the sale of CO₂ as a final product or by-product for commercial use the monetization of the value added/certificates from reductions in GHG emissions not already captured elsewhere in the revenues or cost savings.
- **Revenues:** All sources of revenues generated by the project, excluding operational benefits and external benefits outside the Project boundaries.

OTHER CONSIDERATIONS

- The proposals will follow the standard submission and evaluation procedure (one-stage submission). The **award criteria** for this call are as follows:
 - **Degree of innovation**, in relation to the state of the art.
 - **GHG emission avoidance potential:** (i) absolute GHG emission avoidance; (ii) relative GHG emission avoidance; (iii) quality of the GHG emission avoidance calculation and minimum requirements.
 - **Manufacturing carbon footprint reduction**, in relation to the reference case.
 - **Project maturity:** (i) technical maturity; (ii) financial maturity; (iii) operational maturity.
 - **Replicability:** (i) replicability in terms of efficiency gains and multiple environmental impacts; (ii) replicability in terms of further deployment; (iii) contribution to Europe's industrial leadership and competitiveness.
 - **Security of supply and countering dependency:** degree of diversification of the supply of cathode active materials (CAM) and anode active materials (AAM) from China during the project's monitoring period.
 - **Cost efficiency:** (i) cost efficiency ratio; (ii) quality of the cost calculation and minimum requirements.
- **Open and competitive call.**
- Proposals that are not recommended for funding (including those on the reserve list) and rejected proposals that reach the minimum thresholds will be proposed for **project development assistance (PDA)** support to the European Investment Bank (EIB), if they have given their consent in the application form.

- Eligible proposals that exceed the evaluation thresholds will be awarded the **STEP seal**, a quality label whose main purpose is to facilitate funding from other private and public sources.
- **Incentive effect.** Only projects that have not reached financial close at proposal submission date can be funded. Normally the starting date will be after grant signature, but a retroactive starting date can be granted exceptionally for duly justified reasons (never earlier than the first day of the month after the proposal submission date).
- **This sheet is merely informative and, thus, does not gather all the information. Referring to the regulatory legislation is imperative.**