



Brussels, 2.7.2020
C(2020) 4352 final

COMMISSION DECISION

of 2.7.2020

on the activities related to the Innovation Fund, serving as a financing decision and as a decision launching the first call for proposals in 2020

COMMISSION DECISION

of 2.7.2020

on the activities related to the Innovation Fund, serving as a financing decision and as a decision launching the first call for proposals in 2020

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Article 110 thereof,

Having regard to Commission Delegated Regulation (EU) 2019/856 of 26 February 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council with regard to the operation of the Innovation Fund², and in particular Article 9 thereof,

Whereas:

- (1) The Innovation Fund, established by Article 10a(8) of Directive 2003/87/EC of the European Parliament and of the Council³, is one of the key Union financing programmes contributing to the achievement of the European Green Deal objectives. The Innovation Fund aims to bring closer to the market highly innovative technologies, processes and products that are sufficiently mature and have a significant potential to reduce greenhouse gas emissions in sectors listed in Annex I to Directive 2003/87/EC. The Innovation Fund is to be financed from the revenues resulting from the auctioning of the allowances under the system for greenhouse gas emission allowance trading within the Union as well as from the non-disbursed revenues of the predecessor NER300 Programme. The Innovation Fund revenues are therefore becoming available on a gradual basis.
- (2) Article 19(3) of Delegated Regulation (EU) 2019/856 stipulates that the revenues of the Innovation Fund are to constitute external assigned revenue within the meaning of paragraphs 1 and 5 of Article 21 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council⁴ where the Commission implements the Innovation Fund in direct management, including through an executive agency.

¹ OJ L 193, 30.7.2018, p.1.

² OJ L 140, 28.5.2019, p. 6.

³ OJ L 275, 25.10.2003, p. 32.

⁴ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, [OJ L 193, 30.7.2018, p. 1.](#)

- (3) By Implementing Decision (EU) 2013/801/EU⁵ the Commission entrusted the Innovation and Networks Executive Agency ('INEA') with the implementation of the Innovation Fund, and by Commission Decision C(2013)9235⁶, as amended by Commission Decision C(2020) 3147⁷, the Commission delegated to INEA certain tasks related to the overall management of the calls for proposals.
- (4) Therefore, in order to ensure the implementation of the Innovation Fund, it is necessary to adopt an annual financing decision for 2020. Article 110 of Regulation (EU, Euratom) 2018/1046 ('the Financial Regulation') establishes detailed rules on financing decisions.
- (5) The Commission should launch the first call for proposals for the Innovation Fund support referred to in Article 9 of Delegated Regulation (EU) 2019/856 in 2020. This decision should therefore enable the financing of the preparation for the launch of the call and the call itself. Moreover, this decision should specify the modalities for the launch of the first call.
- (6) For reasons of effectiveness, the Commission should use indirect management for implementation of the project development assistance. The European Investment Bank (the EIB) has proven experience in providing project development assistance under other Union financing programmes and should therefore be entrusted, subject to the conclusion of the agreement between the EIB and the Commission, with the implementation of the project development assistance task in accordance with Article 18(1)(c) of Delegated Regulation (EU) 2019/856.
- (7) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of the Financial Regulation.
- (8) The financing of the activities of the Innovation Fund is to comply with the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 of the Treaty on the Functioning of the European Union.
- (9) In order to allow the flexibility in the implementation of the Innovation Fund, it is appropriate to allow changes, which should not be considered substantial for the purposes of Article 110(5) of the Financial Regulation.
- (10) Given the uncertainty as regards the volume of the Innovation Fund revenues, it is important to enable the authorising officer to enter legal commitments subject to availability of that revenue.
- (11) Member States have been consulted as provided for in Article 9(1) and Article 21(2)(b) of Delegated Regulation (EU) 2019/856.

⁵ Commission Implementing Decision 2013/801/EU of 23 December 2013 establishing the Innovation and Networks Executive Agency and repealing Decision 2007/60/EC as amended by Decision 2008/593/EC (OJ L 352, 24.12.2013, p. 65).

⁶ Commission Decision C(2013)9235 of 23 December 2013 delegating powers to the Innovation and Networks Executive Agency with a view to the performance of tasks linked to the implementation of Union programmes in the field of transport, energy and telecommunications infrastructure and in the field of transport and energy research and innovation comprising, in particular, implementation of appropriations entered in the general budget of the Union.

⁷ Commission Decision C(2020)3147 of 18 May 2020 amending Decision C(2013)9235 as regards the implementation of the Innovation Fund.

HAS DECIDED AS FOLLOWS:

Article 1

Scope

The decision for the financing of the activities related to the Innovation Fund for the year 2020 and the launching of the first call for proposals for the Innovation Fund support, in accordance with the modalities set out in the Annex, is adopted.

Article 2

Global budgetary envelope

The estimated maximum budgetary envelope for the implementation of the Innovation Fund for the year 2020 is set at EUR 1 027 536 000, and it shall be financed by the revenues from the auctioning of the allowances destined for the Innovation Fund and by any non-disbursed revenues from the NER300 programme, entered as external assigned revenue in the general budget of the Union:

budget line 34.03.01: EUR 1 027 536 000

The appropriations provided for in the first paragraph may also cover interest due for late payment.

The implementation of this Decision is subject to the availability of the appropriations at the time of entering into legal commitments by the authorising officer.

Article 3

Methods of implementation and entrusted entities

The implementation of the activities carried out by way of indirect management, as set out in the Annex, shall be entrusted to the European Investment Bank.

Article 4

Flexibility clause

Cumulated changes to the allocations to different activities, as set out in the Annex, not exceeding 20% of the maximum budgetary envelope set in the first paragraph of Article 2 of this Decision shall not be considered to be substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2018/1046, where those changes do not significantly affect the nature of the activities and the objectives of the Innovation Fund

The authorising officer responsible may apply the changes referred to in the first paragraph. Those changes shall be applied in accordance with the principles of sound financial management and proportionality.

Article 5
Adjustment clause

The global budgetary envelope set in the first paragraph of Article 2 may be adjusted to the amount of appropriations resulting from the auctioning of the Innovation Fund allowances prior to entering into individual legal commitments, provided that the change does not exceed 20%.

Done at Brussels, 2.7.2020

For the Commission
Frans TIMMERMANS
Executive Vice-President



Brussels, 2.7.2020
C(2020) 4352 final

ANNEX

ANNEX

to the

Commission Decision

on the activities related to the Innovation Fund, serving as a financing decision and as a decision launching the first call for proposals in 2020

EN

EN

EN

ANNEX

Financing of the activities of the Innovation Fund and modalities for launching the first call for proposals for the Innovation Fund support to be published in 2020

1. Introduction

The Decision sets out the modalities for launching the first call 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 1 027 536 000 for year 2020 as follows:

- (a) for grants implemented under direct management (point 2): EUR 1 000 000 000;
- (b) for expenditure related to the provision of project development assistance (point 3): EUR 25 000 000, out of which EUR 8 000 000 will be reserved for grants in the form of project development assistance services to the project proponents under the first call for proposals;
- (c) for other administrative expenditure, including complementary actions under direct management (point 4): EUR 2 536 000.

Legal basis

Article 9 of Delegated Regulation (EU) 2019/856

Budget line

34 03 01: EUR 1027 536 000

Objectives pursued

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

2. Call for proposals

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

EUR 1 000 000 000 for grants (point 2) and EUR 8 000 000 for the project development assistance (point 3)

Types of solicited projects or sectors

The call for proposals 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 CO₂, 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 first call for proposals. 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 first call for proposals shall be implemented in direct management by the Commission and the INEA.

3. 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 at the expression of interest phase 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.

4. 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 two stages of 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.