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# 1 DIAMONDS4IF IN A NUTSHELL



DIAMONDS4IF is a European Union (EU)-funded project (2024–2026) that helps **bridging the gap** between Horizon 2020 research results and Innovation Fund (IF) deployment. Its main goal is to transform promising innovations and projects ideas, in the **renewable energy sector**, into Innovation Fund (IF)-ready projects, supporting the EU’s climate goals and REPowerEU objectives.

The project was initiated by a consortium of five partners – PNO Consultants GmbH (coordinator), Meyer Burger (Industries) GmbH, RWE Offshore Wind GmbH, RAAMS AS and Innovation Engineering Srl – experts in European Funding opportunities, in the photovoltaic and offshore wind sector and in AI-based software.

One goal of DIAMONDS4IF is to submit at least five robust Innovation Fund proposals during the period 2024 and 2026. Other projects outside the initial consortium will also be selected and supported.

For this reason, DIAMONDS4IF has developed **an innovative process for continuously searching for new candidates**, identifying additional potential project ideas from Horizon 2020 projects and helping them overcome technical, financial and regulatory obstacles. Through **customised tools**, workshops and feasibility assessments, the project enables candidates to **navigate the complex Innovation Fund application process** and increase the number of high-quality proposals in the field of renewable energy.

## IN SHORT:



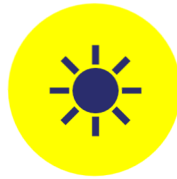
Support the **transformation** of H2020 research results and other innovations, **into Innovation Fund-ready projects.**



**Overcoming challenges** arising from transferring selected R&D results into successful ventures and **securing investment funding**



**Guiding 5 IF applicants** and ensuring readiness with ad hoc created tools, guidelines and expertise



Support of **renewable energy sector** related projects with comprehensive plans for effective implementation (replicability, commercialization, financial model)

Each chapter of this guide reflects one of the topics covered in our video tutorials published on our YouTube channel '**Innovation Fund DIAMONDS**'.

Each video tutorial details the essential steps of the application process and includes comprehensive explanations, visual representations and useful insights on the most relevant IF topics.

The **QR codes** will quickly guide you to the YouTube page if you want to listen directly to the advice of our experts. We invite you to follow our channels and activate notifications, so you'll always be informed about news and updates.

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## 2 INNOVATION FUND - A FUNDING OPPORTUNITY FOR YOU?

The Innovation Fund is a grant scheme unlike any other you might have experienced with. So let's start step by step and explain what European Innovation Fund grants are!



The EU Emission Trading System (ETS) is a cornerstone of the EU's climate policy and its key tool to reduce greenhouse gas emissions cost-effectively. It is the world's first carbon market and remains among the largest ones globally. Carbon emitters companies in Europe need to participate at the ETS, they must buy ETS allowances and pay for their emission rights.

Vice versa, revenues generated by the ETS are reinvested in the Innovation Fund, one of the world's largest funding programmes for innovative low-carbon technologies, for companies that want to reduce their CO<sub>2</sub> footprint.

In this system, if a company invests in innovative technical solutions to reduce its emissions, it can partially recover the costs incurred for its technological innovation and related investment and finally manage its ETS certificates incl. selling any surplus.

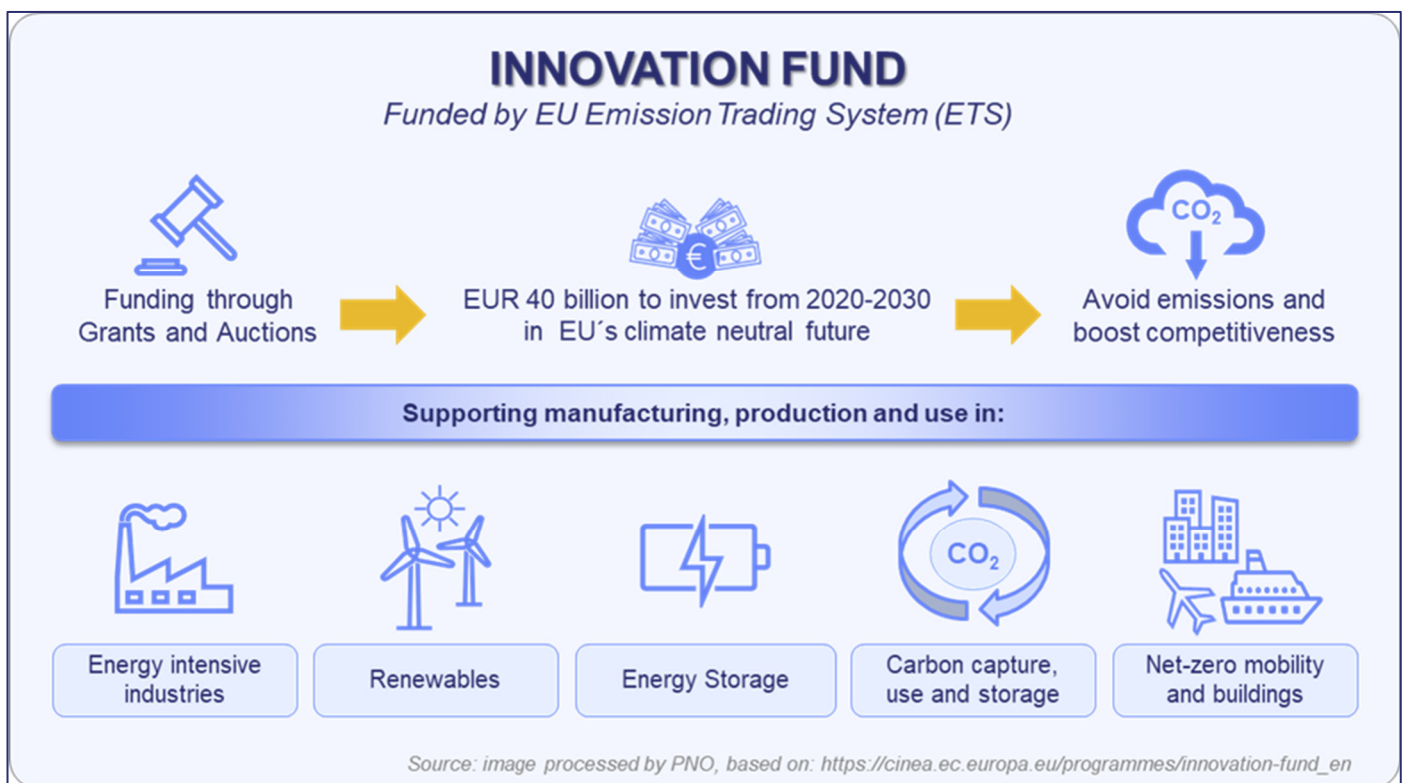
## IN A NUTSHELL:

IF budget comes from the ETS. Industrial carbon emitters must buy ETS allowances, and part of these revenues provide for the budget of the Innovation Fund in order to support investments aiming at the decarbonization of European industry.

The total budget available will, therefore, depend on the carbon price development. In return, industry is invited to apply with innovative projects to receive support from the Fund.

However, the Innovation Fund is not for everyone. And it is very different from other grant schemes you might know.

## SO, WHAT DOES THIS MEAN?



As a rule of thumb, the companies, that participate in the EU ETS, can also apply for Innovation Fund grants. As illustrated in the figure above, these are mainly the **carbon intensive industries**, for example chemical companies, steel and cement producers, but also others like **power plant** operators. Recently, the **maritime sector**, **aviation**, **road transport** and **buildings** have been added to the list, as they are part of the so-called ETS2.

## BUT THIS IS NOT YET THE WHOLE STORY.

Some additional sectors are urgently needed to support the decarbonization of these industries, and thus, are eligible as well. **Renewable energy generation and storage**, as well as **CO<sub>2</sub> capture, usage, and storage applications**, are invited as well. Finally, manufacturers that provide the **technology needed for energy generation and storage**, can also enter the game.

### Innovation Fund – Eligible sectors (1/2)



**DIAMONDS4IF**  
DISCRETE SUBSTRATE FILM (DSF) APPLICATION AND MONITORING OF  
DEVELOPED SOLUTIONS FOR INNOVATION FUND

Sectors listed in Annex I and Annex III to the EU ETS Directive 2003/8720, for example:

- Energy intensive industries (chemical sector, cement and steel manufacturing etc.)
- Maritime sector and aviation
- Net zero mobility and buildings

### Innovation Fund – Eligible sectors (2/2)



**DIAMONDS4IF**  
DISCRETE SUBSTRATE FILM (DSF) APPLICATION AND MONITORING OF  
DEVELOPED SOLUTIONS FOR INNOVATION FUND

- Construction and operation of innovative renewable energy and energy storage technologies
- Carbon capture, geological storage and utilization
- Manufacturing of innovative clean-tech components for hydrogen production/consumption, renewable energy and energy storage

## SO, WHERE IS THE FUNDING AVAILABLE?

The funding is available across Europe, and investors from outside Europe can also apply if they plan to establish a new plant or modify an existing plant within **Europe and European Economic Area (EEA) countries**.

## LET'S RECAP ON THE INNOVATION FUND

- The **budget** of the Innovation Fund is financed by the **revenues of the European Union's Emission Trading System (EU ETS)**.
- **Eligible to apply are companies from all sectors, that participate in the EU ETS, and the enablers of their decarbonization, like renewable energy and technology providers.**
- Investments are supported, if they are **installed in Europe (EU and EEA countries)**.

## GEOGRAPHICAL SCOPE

- Participating legal entities (public and private bodies) can be established in **any country in the world**.
- Projects must be located in **EU Member States or EEA countries (i.e. Norway, Iceland or Liechtenstein)**.
- Projects may also be located in **Northern Ireland** on the condition that they concern the **generation, transmission, distribution or supply of electricity**.

### 3 GRANT AMOUNT CALCULATION WITH RELEVANT COST CALCULATION

#### DO YOU WONDER HOW TO GET FUNDING FROM THE EU INNOVATION FUND FOR YOUR INNOVATIVE PROJECT?

Then, understanding how to calculate the grant amount is the key to success. Here you will find some essential information on calculating the grant amount and you will become familiar with the need to **calculate the relevant costs** and how to **derive the grant amount**, as this guide is designed to assist both experienced and novice applicants.

The purpose of this guide is to provide a basic understanding of:

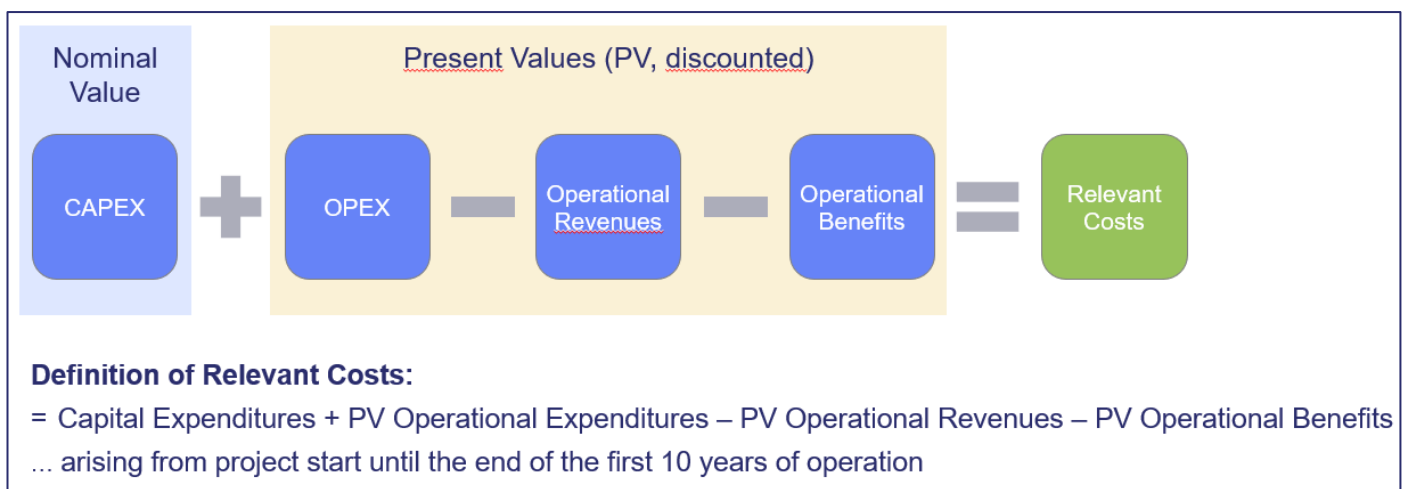
- How the Innovation Fund grant amount is calculated.
- How your project can become eligible for funding by the European Commission.

#### WHAT MAKES FINANCING VIA THE INNOVATION FUND SO SPECIAL?

- The Innovation Fund provides **non-repayable** financial support with specific conditions and obligations.
- The **European Commission** acts as a **co-investor**, BUT additional financing sources are required like e.g.: equity, debt or other grant funding.
- The basis for calculating the IF grant amount is the so-called **Relevant Cost amount**.
- The existence of Relevant Costs is *essential* for your project to be eligible for funding.

## HOW TO CALCULATE YOUR RELEVANT COSTS!

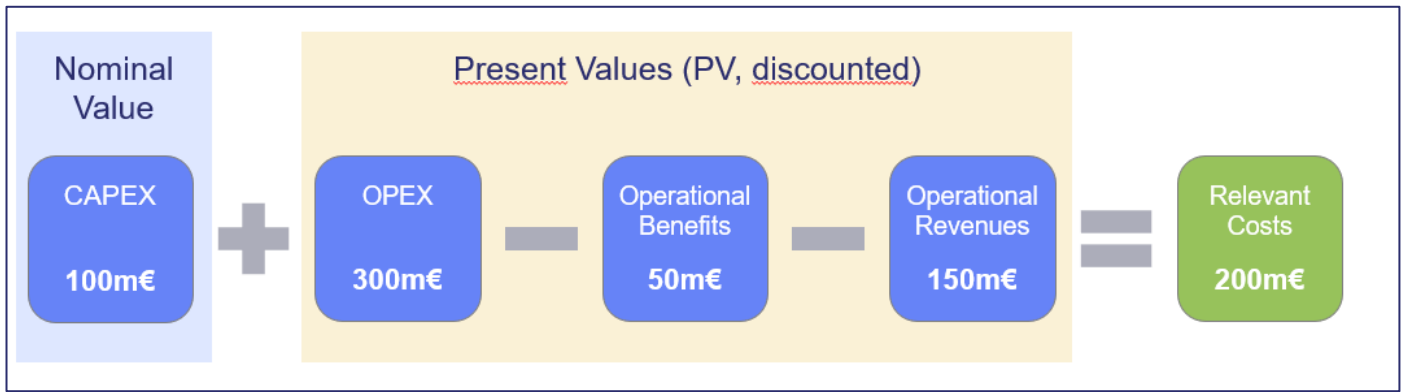
- The **Relevant Costs** are equal to: Capital Expenditures *plus* Operational Expenditures *minus* Operational Revenues *and minus* Operational Benefits
- The calculation uses a **net present value approach**, that means future cash-flows are discounted (OPEX, Revenues and Benefit are discounted by the discount factor)
- The Relevant Costs are calculated for the period **from the start** of the project **until the end of the first 10-years** of plant operation



$$\begin{aligned} & \text{CAPEX (undiscounted) + OPEX (discounted)} \\ & - \text{REVENUES (discounted) - BENEFITS (discounted)} \\ & = \text{RELEVANT COSTS} \end{aligned}$$

## SIMPLE NUMERICAL RELEVANT COST CALCULATION EXAMPLE

100 million Euro CAPEX (*plus*) 300 million Euro OPEX (*minus*) 50 million Euro Operational Benefits and (*minus*) 150 million Euro Operational Revenues → resulting in **200 million Euro relevant costs**.



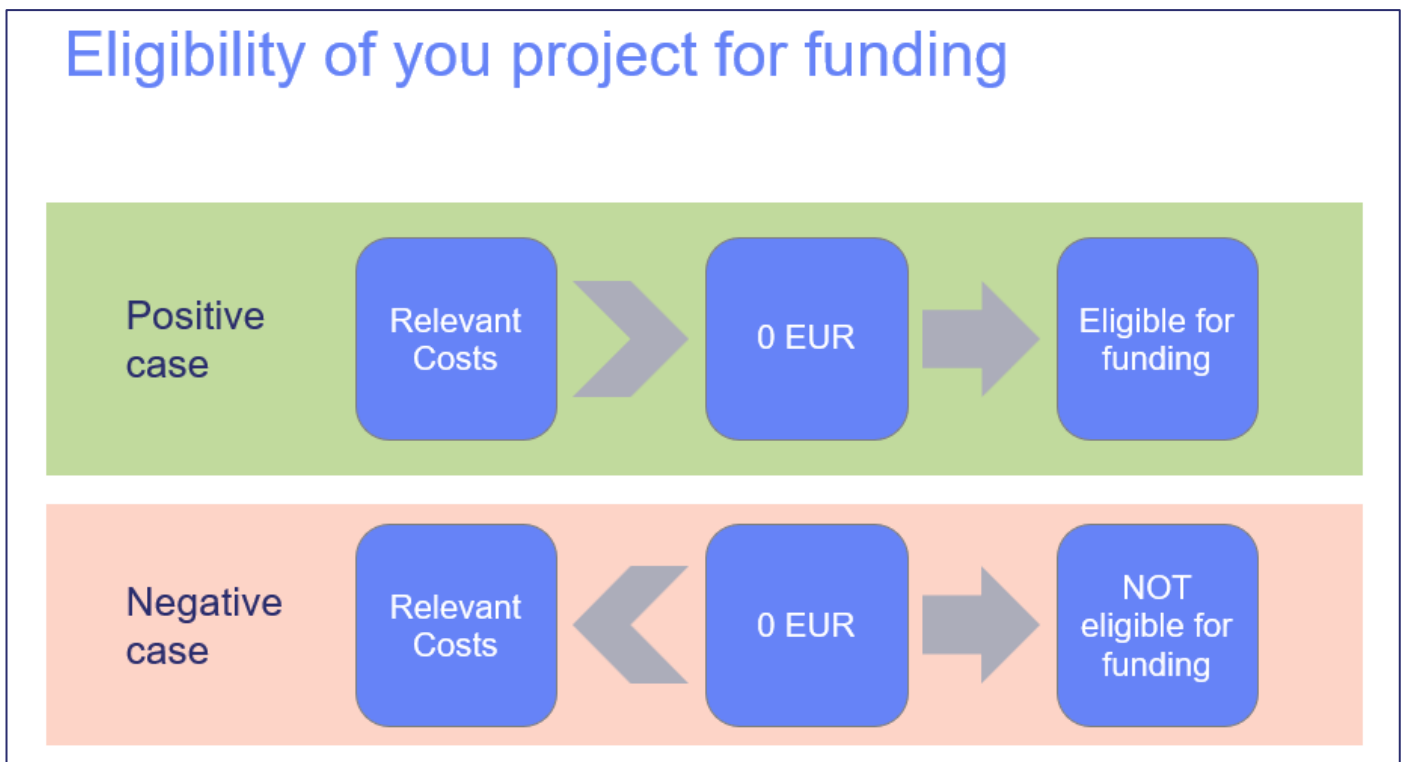
In other words: CAPEX and OPEX less operational benefits and less operational revenues are financed.

That means for the positive case:

- If the costs exceeding the revenues and benefits a project would be eligible for funding!
- That implies, the Relevant Costs are greater than zero Euro and a funding gap exists

And for the negative case:

If there is **ANY 'funding gap'**, the project would **NOT be eligible** for funding.

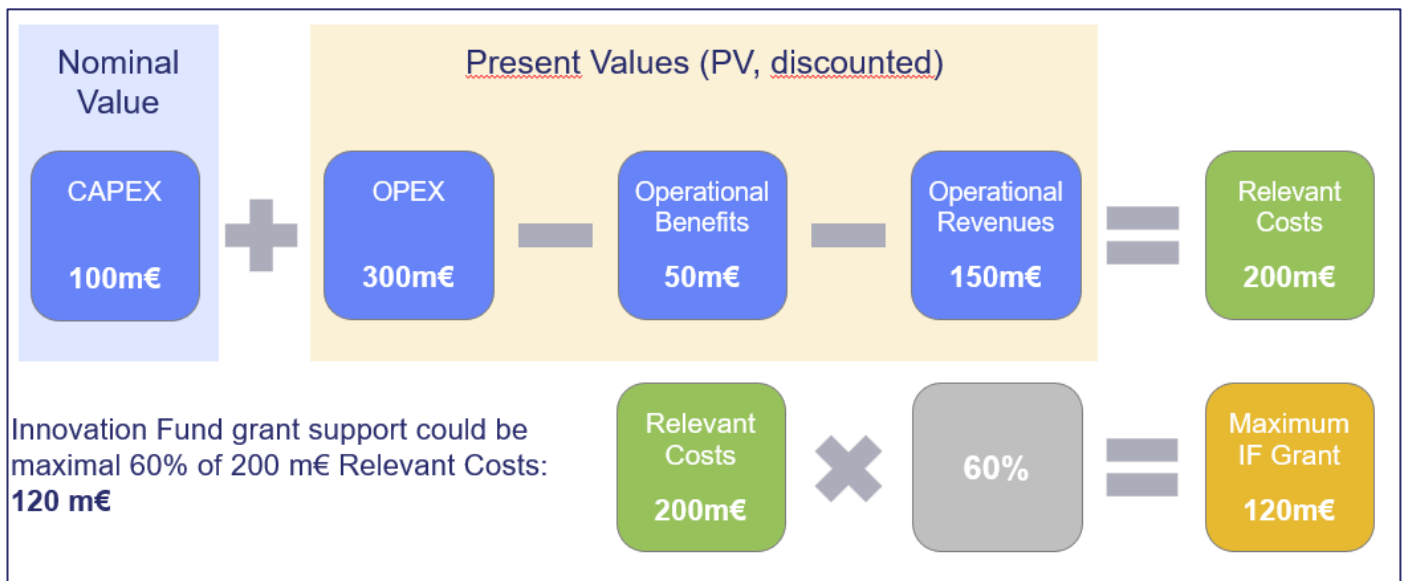


## HOW IS THE FINAL GRANT AMOUNT CALCULATED?

In principle, there is no minimum funding amount and no fixed maximum funding amount.

However, **the maximum funding** amount that an applicant can apply for is 60% of the calculated Relevant Costs.

This example shows that the Innovation Fund grant can amount to a maximum of **60% of the relevant costs of 200 million Euro**. Thus, the maximum possible grant amount is 120 million Euros.



However, the **final funding amount** applicants request **depends on other aspects** like the amount of Greenhouse Gas emissions avoided.

## LET'S RECAP ON THE GRANT AMOUNT CALCULATION

- Innovation Fund grants provide important **non-repayable financial support** for **innovative** projects
- The IF grant amount is determined by calculating the **Relevant Costs** from the start of the project until the end of the first 10 years of operation
- Your project is **eligible for funding**, if your Relevant Costs are greater than zero Euro, meaning that a funding gap exists
- The **IF grant amount is capped at a maximum of 60% of the Relevant Costs**

## 4 THE FEASIBILITY STUDY

### DO YOU WANT TO APPLY FOR INNOVATION FUND WITH YOUR INNOVATIVE PROJECT IDEA?



Great! But how do you convince the evaluators that your idea is feasible and worth supporting? That's where the Feasibility Study comes into play. This document is crucial to showcase your innovation and its potential impact.

This chapter concerns understanding the feasibility study for an Innovation Fund grant application. It will guide you through the essential elements of a feasibility study, including its length, structure, and importance.

The Feasibility study is a critical supporting document of an Innovation Fund application.

In this context, the Feasibility Study:

- Aims to explain all innovative aspects.
- **Prove the technical feasibility** of your technology or process.
- It is essential for addressing the **award criteria** *Degree of Innovation* and *Technical Maturity*, which is part of the project maturity criterion.

All relevant information regarding these aspects must be detailed in the Feasibility Study.

## THE FEASIBILITY STUDY IS CLOSELY LINKED WITH PART B

While **Part B** (core application document) **summarizes your Innovation Fund project**, covering key facts and conclusions, the Feasibility Study provides detailed information, analyses, and calculations.

Although there is **any official template for the Feasibility Study**, the necessary aspects can be derived from the award criteria, the Innovation Fund call text and Part B.

## LET'S RECAP ON THE IMPORTANCE OF THE FEASIBILITY STUDY

- Critical **supporting document** of the Innovation fund application
- Aim: explanation of all **innovative aspects** and proof of **technical feasibility**
- Decisive for a positive evaluation:
  - Feasibility study addresses specifically the **award criteria** “Degree of innovation” and “Technical maturity”
  - Feasibility study is **prerequisite to write Part B** (= project summary) as it includes all detailed information, analyses and calculations

## MAIN CONTENTS OF THE FEASIBILITY STUDY

- The project **objectives**
- A **location** analysis
- A description of the **technology applied** and assessment of its technical maturity including suppliers, previous works and technology readiness
- Necessary feedstocks or **resources** and **output** streams
- All **innovative aspects** and comparisons with state-of-the-art technologies and previous innovation fund projects
- The Greenhouse Gases (GHG) avoidance potential and any other environmental impacts
- **Technical risks** and mitigation measures

## ATTENTION – PAGE LIMIT



Remember, the Feasibility study is limited to **60 pages**, excess pages are deleted and not considered for evaluation.

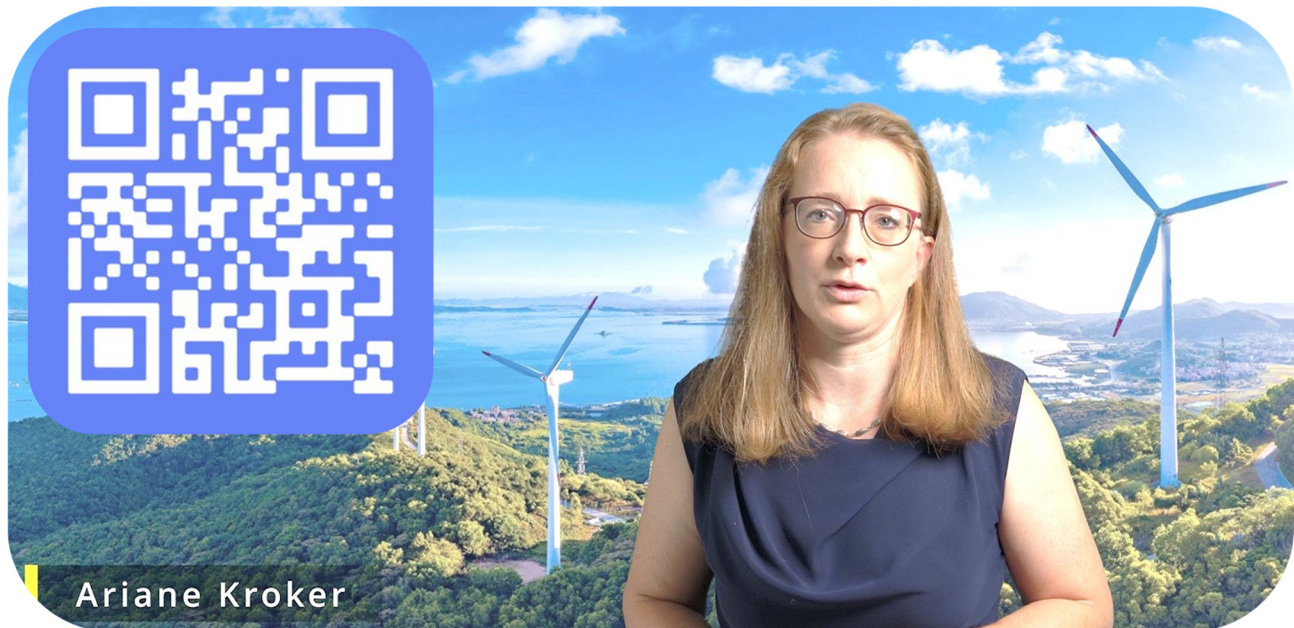
Our experience shows that including all required information within the page limit can be challenging. Therefore, it is crucial to be as precise as possible.

### LET'S SUMMARIZE:

- The Feasibility Study is the most important application document to demonstrate the **innovation degree** and **technical maturity** of your project.
- Information from the Feasibility Study is summarised in **Part B**.
- Although there is **any available template** for the Feasibility study, certain key aspects must be included, such as project location, applied technology, innovative aspects, input and output, GHG avoidance and risks.
- The document should not exceed **60 pages**.

## 5 THE DEGREE OF INNOVATION IN INNOVATION FUND

### DO YOU KNOW WHAT IS CONSIDERED INNOVATIVE UNDER THE IF?



The Innovation Fund provides grants to support investments for the decarbonization of European industry. Innovation indeed is the most important evaluation criterion for the selection of Innovation Fund projects.

### BUT WHAT EXACTLY IS INNOVATIVE? AND HOW IS THIS ASSESSED IN THE EVALUATION?

Innovation is not necessarily related to research. An Innovation Fund project may only comprise a minor part of Research and Development. Otherwise, a low degree of innovation will lead to a rejection.

### WHAT IS A GOOD DEGREE OF INNOVATION?

In the EU, in general, public support favouring certain undertakings or the production of certain goods is considered being incompatible with European regulations. However, projects that represent breakthrough solutions that are not yet available commercially, may be supported if they are expected to help realizing EU goals and strategies.

Thus, funding can be justified by defining the *Innovation*.

**Innovation** in a common sense **means to improve** or to replace something, for example, a process, a product, or a service. Specifically, the Innovation Fund regulation defines it as “degree of innovation compared to the state-of-the-art”. The assessment is focusing on:

- What is State of the Art?
- Is the proposed project different?
- Is it more than a small difference?

### HERE ARE A FEW EXAMPLES:

- A project is considered innovative if it is a **first-of-a-kind commercialisation** or a commercial size upscaling and demonstration.
- It is considered innovative if it is technically advanced **compared to previously conducted** demonstrations.
- An existing technical solution can be transferred by the project from one sector into a new sector or a **different type of use**.
- A combination of existing technologies can be **integrated in a new solution**.
- A new product may require a new production set up or adjustments in existing production facilities.

### LET'S RECAP ON THE DEFINITION OF INNOVATION FOR AN INNOVATION FUND PROJECT:

- Innovation in a common sense means to improve or to replace something.
- Innovation Fund defines it as “degree of innovation **compared to the state-of-the-art**”.
- Innovation must be significant **= more than incremental**.
- **Difference** must be shown from previously conducted demonstrations and **from that what is normally offered by existing suppliers**.

There are even more types of innovation – but overall, the main subject of the project must significantly differ from that what is normally offered by suppliers today.

Evaluators want also to know whether the project goes **beyond incremental innovation**.

If only minor changes are made to the project and the degree of innovation is reduced, the project will be rejected.

## LET'S CONCLUDE:



Only if projects are innovative, it is justified to support them through public funding



Innovation can be indicated by new technology or products, upscaling of processes, transfer between sectors, and more



Innovation is not only “rocket science” but must be significant compared to existing solutions, incl. those already funded

## 6 GHG EMISSION AVOIDANCE: KEY CALCULATIONS AND METHODOLOGIES

In this chapter, we will guide you through the essentials of the Innovation Fund's Greenhouse Gas (GHG) emissions avoidance methodology, focusing on Absolute and Relative GHG Emission Avoidance.



The Innovation Fund supports projects with significant potential to reduce greenhouse gas emissions, and understanding this methodology is key to demonstrating your project's impact.

The calculation of GHG emission avoidance is one of the **key mandatory elements** of the Innovation Fund. And the results of this calculation are expressed as

- **Absolute** GHG Emission Avoidance and
- **Relative** GHG Emission Avoidance

So before delving into the essentials of the methodology, we should understand what these represent.

### **ABSOLUTE GHG EMISSION AVOIDANCE**

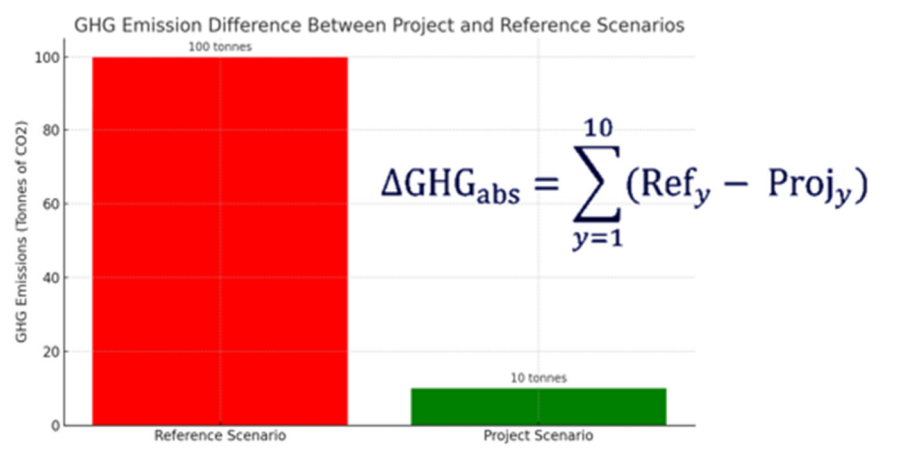
**The absolute GHG emission avoidance** represents the difference, over a period of 10 years, between all the emissions that would occur in the reference

scenario, that is, in the absence of the proposed project, and all the emissions that occur in the project scenario.

For example, a large-scale project could avoid more than 10 million tonnes of CO<sub>2</sub> within 10 years.

### Absolute GHG Emission Avoidance:

Difference over 10 years between reference and project scenarios.



### RELATIVE GHG EMISSION AVOIDANCE

**Relative GHG emission avoidance** refers to the *percentage reduction* in GHG emissions compared to the reference scenario.

The Relative GHG emission avoidance must be above 50% and could be more than 100%.

### Relative GHG Emission Avoidance:

Percentage reduction in GHG emissions compared to reference scenario.

$$\Delta\text{GHG}_{\text{rel}} = \frac{\Delta\text{GHG}_{\text{abs}}}{\sum_{y=1}^{10} (\text{Ref}_y)}$$

above  
50%



can exceed  
100%

# WHAT ARE THE ESSENTIALS OF THE GHG EMISSION AVOIDANCE METHODOLOGY?

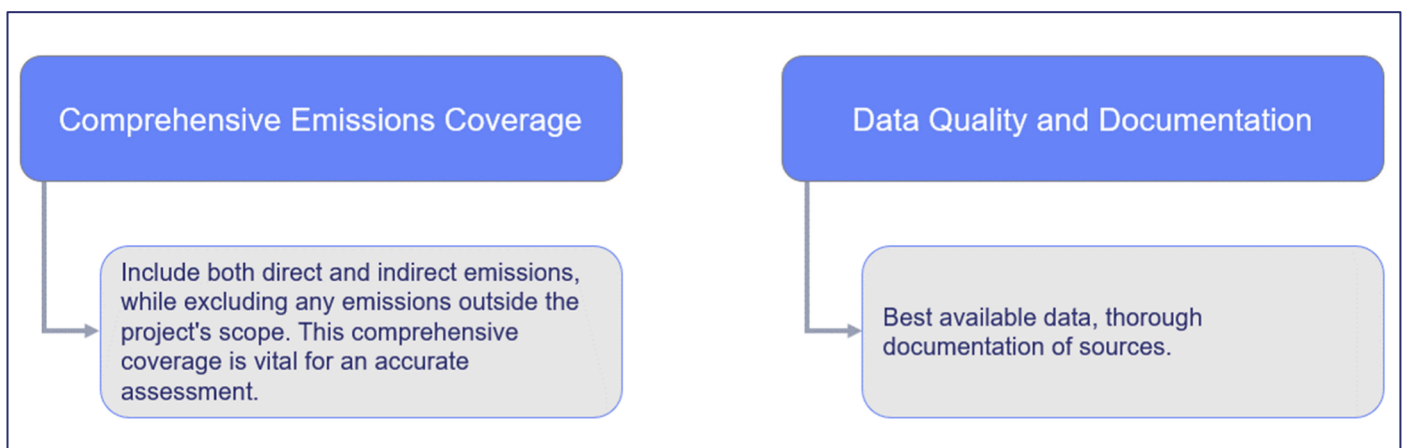
The essentials are divided in 3 categories:

## 6.1 Methodological Principles

- **Principles of GHG Calculation:** Your GHG calculations should adhere to the principles of relevance, completeness, consistency, accuracy, and transparency. These principles ensure that your calculations are robust and credible.
- **Scenario Comparison:** Compare your **project scenario** against a **reference scenario** that represents the current state-of-the-art. This comparison is crucial for demonstrating the impact of your project.

## 6.2 Data and Documentation

- **Data Quality and Documentation:** Utilize the best available data and methods. Thoroughly document your sources, uncertainties, and limitations to ensure the credibility of your calculations.
- **Comprehensive Emissions Coverage:** Include both direct and indirect emissions, while excluding any emissions outside the project's scope. This comprehensive coverage is vital for an accurate assessment.



## 6.3 Verification and Monitoring

- **Appropriate Factors and Potentials:** Apply the correct emission factors, conversion factors, and global warming potentials for each GHG activity. Using appropriate factors ensures that your calculations reflect the true impact of your project.
- **Independent Verification:** While not mandatory, it is strongly recommended to have your calculations verified **by an independent and qualified auditor**. Independent verification adds an extra layer of credibility.
- **Monitoring, Reporting, and Verification (MRV):** Describe your approach for continuously monitoring and reporting your project's performance. This ongoing MRV process ensures that your project aligns with the projected GHG emission avoidance.

### LET'S CONCLUDE:

To qualify for the Innovation Fund, your project must adhere to specific guidelines that enable you to accurately calculate and clearly demonstrate its effectiveness in reducing greenhouse gas emissions.



Appropriate Factors and Potentials: Correct emission factors, conversion factors, global warming potentials.



Independent Verification: Recommended, adds credibility.



Monitoring, Reporting, and Verification (MRV): Continuous monitoring and reporting to align with GHG emission avoidance.

## 7 TIMELINE: HOW TO PLAN AN INNOVATION FUND PROJECT



In this chapter, we will guide you through the key aspects of planning a successful Innovation Fund project. From application to project completion, you will learn how to navigate through the complexities of the funding process, including preparing, building and managing a new decarbonisation investment.

### WHAT IS AN INNOVATION FUND PROJECT?

- Innovation Fund supports engineering, construction, and operation of new investments in decarbonization, where the first 10 years of operation are relevant for funding
- Innovation Fund projects may cover **more than a decade of years!**
- The Innovation Fund grant scheme uses a specific framework for project planning:
  - Preparation
  - Financial Close
  - Construction
  - Entry into operation

Your timelines may be already complex, but now they need to align with a strict funding calculation and payment structure. Generally, you calculate the

entire lifetime of your business case, with the first 10 years of operation being relevant for the funding.

The main milestones in Innovation Fund projects are called “Financial Close” and “Entry into operation”. These mark points in the planning when funding conditions change, and major requirements must be met.

## **IF YOU PLAN AN INNOVATION FUND PROJECT, CONSIDER THE FOLLOWING:**

1. There is **one call per year** with an application deadline in spring. You will need more than half a year to prepare the application after deciding to proceed.
2. **After the call deadline**, there's roughly another **6 months for evaluation** and initial preparatory work. Don't start construction or anything that makes the project irreversible.
3. **Validating your application data** in the grant agreement preparation phase until a grant contract is signed will take another 3-4 months.
4. The month after the grant agreement marks the start of your Innovation Fund project. You have **up to 4 years to reach the next step**, but ideally between 1-2 years.
5. The next step is **Financial Close**, which involves not only finance but also offtake contracts, permits, and other relevant agreements. This is different from the Final Investment Decision, which should happen earlier. **Financial Close is the first milestone where you can request a grant payment.**
6. The following construction phase should cover all necessary CAPEX, since no CAPEX is eligible for funding afterward. This phase may last roughly between 1 and 4 years, depending on the project type and size. Yearly payments can be arranged if certain milestones are met, as agreed in the grant agreement.

7. **Starting the operation of the plant or the manufacturing** of new products **marks** the Entry into operation. From this date, your benefits and revenues from the project need to offset the eligible OPEX. This is also the last major payment milestone.
8. During operation, smaller tranches of the grant will be paid if **GHG emission savings are met**. The corresponding monitoring and reporting may cover another 5 years.

All these parts of the plan need to be detailed and presented in the application documents.

## LET'S RECAP THE MAJOR ASPECTS:

Please consider the following:

1. One call per year.
2. Don't start construction before approval.
3. Up to 4 months of project negotiation.
4. Max. 4 years to Financial Close.
5. All CAPEX in Construction Phase.
6. Major payment at Entry into operation.
7. Yearly payments during Operation Phase.

## IMPORTANT TO KNOW:

- Detailed Engineering, permissions, and contracts with suppliers and off takers must be finalized **before** Financial close and are already part of an Innovation Fund project plan.
- The payment regime needs to be adhered, even if this requires some modification of your original plans.

## 8 THE BUSINESS PLAN IN A NUTSHELL



This chapter is entirely devoted to one of the most important documents in your application: the Business Plan.

The Business Plan is one of the **mandatory IF supporting documents** that need to be submitted as part of an Innovation Fund application package.

The Business Plan is essential to convince the evaluators that your project is financially mature and that you have a credible **Business Model**.

These aspects relate to the award criterion **Financial Maturity**, which is part of the Innovation Fund's Project maturity criterion. The quality of your Business Plan will therefore be very important for achieving a competitive score on this criterion during the evaluation.

### SO WHICH TOPICS DO YOU NEED TO COVER IN THE BUSINESS PLAN?

The Innovation Fund does **not provide a template** for this document. However, the required content can be derived from the call text and the instructions in the Financial Maturity chapter of Part B, which is the core document of an IF application and will summarise key information from the Business Plan.

## ESSENTIALLY, YOUR BUSINESS PLAN SHOULD COVER:

- An Executive Summary
- A description of the main project **partners and stakeholders**, like your suppliers and off-takers, financing partners and public authorities
- The **relationships** between these parties
- A Market Analysis
- A description of your **Business Model** and value proposition
- A SWOT analysis
- Your **CAPEX** and **OPEX** and underlying assumptions
- Your expected **project revenues** and underlying assumptions, for example price estimates
- Your financing plan for the project, including **financing sources** like debt and equity
- Last but not least, your financial and **business risks** including **mitigation measures** and a sensitivity analysis.
- Moreover, you also need to attach the last three **Annual Reports** of the applicants and project shareholders.

## ATTENTION – PAGE LIMIT



Page limit:  
60 pages

Looking at this extensive list of required information, the page limit of 60 pages can be quite challenging. However, excess pages are deleted and not considered for evaluation. Therefore, it is crucial to be detailed but also as concise as possible.

## LET'S RECAP:

- The Business Plan is a **mandatory document** in your Innovation Fund application.
- The purpose of the Business Plan: Show the project's **financial maturity** and credibility of the **business model**.
- Is essential for a competitive score on the “**Financial Maturity**” **award criterion**.

- There is **any prescribed template**; however, the required content can be derived from the call text and **Part B** and includes information on project stakeholders, market, business model, project costs, revenues, financing and risks
- Be detailed but **stay concise**, extra pages beyond the limit will not be considered.

The document should **not exceed 60 pages**.

## 9 OTHER INITIATIVES UNDER THE INNOVATION FUND

In addition to all the topics covered in the previous chapters, we would also like to mention three initiatives related to the Innovation Fund Call:

- 1) The Industrial Heat Auction,
- 2) The IF Battery Calls and
- 3) The IF Auction for RFNBO H2.

These do not specifically concern the scope of the DIAMODNS4IF Project, but we believe it is appropriate to mention them for the sake of completeness.

### 9.1 The Industrial Heat Auction

In 2025 the European Commission has announced an Innovation Fund auction to support the decarbonisation of key industrial **heat processes** through innovative electrification technologies. This initiative is part of the Clean Industrial Deal and represents an important step towards scaling low-carbon technologies in energy-intensive industries.

The auction will support projects that:

- Electrify industrial process heat via technologies such as heat pumps, electric boilers, resistance heating, induction heating, plasma torches, electric shockwave heating.
- Use direct renewable heat (such as solar thermal and geothermal) for industrial processes.

# THE INDUSTRIAL HEAT AUCTION - IMPLEMENTATION PLAN:

Budget	➤ EUR 1bn from the Innovation Fund + potential national top-ups under Auctions-as-a-Service
Bidders / beneficiaries	➤ Companies that switch to (decommissioning) or deploy (new entrants) <b>electrified or direct renewable industrial process heat solutions</b> , realising emission reductions
Auctioned good	➤ A <b>fixed-premium subsidy</b> in EUR/tonne of CO <sub>2</sub> abated
Core bid elements	➤ A <b>price</b> in EUR/t of CO <sub>2</sub> avoided; an expected <b>volume</b> in t/CO <sub>2</sub> abated per year, over 5 years, and the thermal <b>capacity</b> of the project
Selection	➤ Price-only ranking but preceded by eligibility and qualification criteria
Support duration	➤ 5 years (faster payout possible within frame of production flexibility)
Payment modalities	➤ Projects would receive semi-annual payments <b>from Entry into Operation onwards</b> , proportionate to their CO <sub>2</sub> abatement
Granting Authority	➤ CINEA

## 9.2 IF Battery calls

On 3 December 2024, the European Commission launched the IF 2024 Battery calls. For the first time, a €1 billion call for proposals for the production of **electric vehicle battery cells** (IF24 Battery) was opened, supporting projects focused on **battery cell manufacturing**.

The aim was to foster the development of innovative electric vehicle battery cells or the implementation of advanced production techniques, processes and technologies, with a grant coverage of up to 60% of eligible costs.

This initiative sought to strengthen Europe's industrial capacity, cut greenhouse gas emissions, and promote a sustainable future for battery technology.

### SCOPE OF THE CALL

- Manufacturing EV battery cells
- Upstream Component Production: Including cathode and anode materials, electrolytes, and separators.
- Battery Recycling: Enhancing circularity through material recovery, limited to the project's scope.

## NOT ELIGIBLE

- Battery application production (e.g., EV manufacturing).
- Module/pack assembly.
- Mining or raw material extraction.



### 9.3 IF Auction for RFNBO H<sub>2</sub>

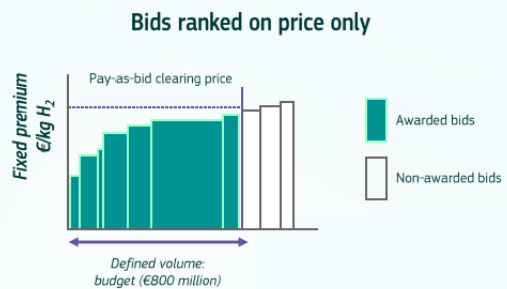
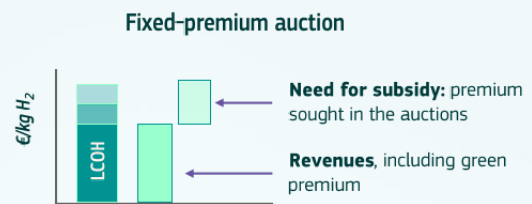
2023, the European Commission launched the IF24 Hydrogen Auction, with a total budget of €800 million.

This pioneering auction supports projects dedicated to the production of renewable fuels of non-biological origin (RFNBO hydrogen), offering a fixed premium per kilogram of verified renewable hydrogen produced over a period of up to ten years.

The initiative aims to bridge the cost gap between renewable and fossil hydrogen, enable price discovery and market formation, de-risk large-scale renewable hydrogen projects, and reduce administrative burdens. By stimulating investment in renewable hydrogen, the auction contributes to Europe's industrial leadership, the decarbonisation of hard-to-abate sectors, and the broader objectives of the European Green Deal.

## The auction design was chosen with 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



There will be a third hydrogen auction under the Innovation Fund in 2025 (“IF25 Hydrogen Auction”), with a budget of approx. €1.1 billion. The budget is divided into three topics:

**TOPIC 1:** RFNBO and/or low-carbon hydrogen – ~€400 million

**TOPIC 2:** RFNBO hydrogen only – €400 million

**TOPIC 3:** RFNBO and/or low-carbon hydrogen for the maritime sector – €200 million (plus optional national top-ups through the Auction-as-a-Service (AaaS) model).

## 10 PROJECT FUNDING & CALL RESULTS

### SUMMARY

The Innovation Fund is an important instrument for promoting decarbonisation projects in Europe.

By the end of 2024, 120 projects had been supported, including those already underway and those that have been completed.

The committed budget amounts to over €7 billion, with up to €40 billion expected from the ETS in the long term.

### FIRST LARGE-SCALE CALL (2020)

- 311 proposals submitted in the first stage.
- 70 applicants were invited to stage two; 66 submitted eligible proposals.
- 48 met all minimum requirements.
- 7 top-ranked projects were pre-selected, requesting in total €1.1 billion in grants.

### SECOND LARGE-SCALE CALL (2021)

- Launched in October 2021 with a budget of €1.5 billion.
- Received 139 applications: 17 pre-selected for grant agreement preparation.
- By end of 2022, 15 projects signed agreements, amounting to €1.69 billion in grants

### SMALL-SCALE CALL (MARCH–AUGUST 2022)

- Budget of €100 million.
- Attracted 66 applications; 17 projects selected.
- Grants allocated amount to €62 million. Grant preparations were underway to be finalized in Q2 2023

## THIRD LARGE-SCALE CALL (2023 CALL)

- The 2023 call marked a record distribution: €4.8 billion in grants awarded to 85 net-zero projects — making it the most ambitious clean-tech push to date
- These projects support:
  - ✓ 3 GW of solar photovoltaic manufacturing capacity
  - ✓ 9.3 GW of electrolyser manufacturing capacity — strengthening Europe's clean energy infrastructure

# DO YOU WANT TO KNOW MORE?

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