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Maria Segura Catalán, Marianne Clayton and Christopher M. Vollert from Clayton & Segura State Aid Lawyers report regularly on the most relevant developments from the capital of Europe on state aid matters.

EU Innovation Fund 2024 (II)

To reach the ambitious goal of becoming climate neutral by 2050, the EU will help financing decarbonisation with the EU Innovation Fund allocating approximately EUR 40 billion to innovative projects carried out by undertakings .

The Fund financially supports projects in all Member States with the objective of accelerating the transition to a low-carbon, competitive and innovative economy. The budget comes from the EU Emissions Trading Scheme (ETS).

In our [C&S Client Briefing EU Innovation Fund 2024 \(Part I\)](#), we debriefed you about the general characteristics of the Innovation Fund and covered the second auction for renewable hydrogen production ("[IF24 Auction](#)"). This [C&S Client Briefing \(Part II\)](#) provides an overview of the two additional calls for proposals currently open and their criteria and conditions.

[Clayton & Segura](#) will keep you updated regarding open auctions and calls and will help you identify and ensure the admissibility and eligibility of your project.

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General Information

The Innovation Fund, the EU fund for climate policy, focuses on energy and industry.

It supports the deployment of innovative net-zero technologies to decarbonise European industry in the transition to climate neutrality in line with policy priorities of the European Commission (Commission).

The available funds until 2030 are expected to amount to about EUR 40 billion. Support to projects is awarded through calls for proposals and competitive bidding procedures (auctions; cf. the [C&S Client Briefing \(Part I\)](#)).

What kind of projects can receive support?

Highly innovative technologies and lighthouse projects that significantly reduce emissions.

Who can apply for support?

Any (public or private) undertaking that is directly responsible for the implementation and management of the innovation project.

Projects can be carried out by individual companies on a stand-alone basis or by small consortia.

The project must take place in the Member States of the EU Emissions Trading Scheme, i.e. the EU Member States, Liechtenstein, Norway or Iceland.



How to prepare your application?

Competent support in the preparation of the application is key to success. Clayton & Segura guides you throughout the whole application process, identifies the main features and award criteria that your project must comply with under the current funding opportunities and applies best practices from previous experiences:

- Suitability assessment: finding out more about the opportunities in the Innovation Fund or whether your project idea fits into this funding programme.
- Compliance assessment: ensuring your project meets all requirements for eligibility, positioning you for success right from the start.
- End-to-end project support: in total, 337 projects applied in the IF23 call, 116 were excluded due to misapplications of the GHG methodology or project maturity, for instance due to missing documentation on offtake. Under the IF23 Auction, only six projects were able to sign a grant agreement.

Open funding opportunities

On 3rd December 2024, the Commission launched three new funding opportunities:

1. "[IF24 Auction](#)" for Renewable Fuel of Non-Biological Origin (RFNBO).

Deadline to apply 20 February 2025. For more information, check out the [C&S Client Briefing \(Part I\)](#) on the EU Innovation Fund 2024.

2. The [Innovation Fund Net Zero Technologies Call](#) ("IF24 Call for Net zero Technologies") covers five topics: General decarbonisation for large-scale, medium-scale, and small-scale projects, plus cleantech manufacturing and pilots.

Deadline to apply 24 April 2025.

3. The "[IF24 Battery Call](#)" for electric-vehicles (EVs) battery cell manufacturing projects that demonstrate innovative technologies, processes, or products.

Deadline to apply 24 April 2025.

IF 24 Call for Net Zero Technologies

What can be subsidised?

The IF24 Call for Net Zero Technologies covers 5 topics:

1. Large-scale projects: CCS, Renewable energy and energy storage technologies and Maritime and aviation and other sectors Annex I and Annex III to the EU ETS Directive 2003/87,:
Available budget: EUR 1.200 million.
2. Medium-scale projects: same sectors as large-scale projects;
Available budget: EUR 200 million.
3. Small-scale projects: same sectors as large and medium-scale projects;
Available budget: EUR 100 million.
4. Cleantech manufacturing: sectors of components for renewable energy installations, electrolyzers and fuel cells, energy storage solutions and heat pumps;
Available budget: EUR 700 million.
5. Pilot projects: validating, testing and optimising highly innovative, deep decarbonisation solutions in all sectors eligible for Innovation Fund support;
Available budget: EUR 200 million..

What activities can be funded?

The IF24 Call for Net zero Technologies is aimed at projects that have a significant potential to reduce greenhouse gas emissions across different industrial sectors of the economy. The following activities can be funded:

- Innovation in low-carbon technologies and processes, including products substituting carbon-intensive ones.
- Safe capture and geological storage or utilisation of CO₂ (CCS).
- Carbon capture and utilisation (CCU) only if the captured CO₂ is from activities in [Annex I of the EU ETS Directive](#), or if the utilisation of CO₂ results in products substituting carbon-



intensive ones from the sectors listed in Annex I to the EU ETS Directive.

- Innovative renewable energy and energy storage technologies.
- Hydrogen use in industry and hydrogen production projects with a demonstrated sufficient degree of innovation.
- Innovative maritime and aviation technologies.
- Production and installation of new or retrofitted innovative technology into ships or planes done in EU/EEA.

What are the eligibility criteria?

- Duration: Projects must operate at least 5 years after entry into operation or at least 3 years if small-scale or pilot.
- Contribution to building EU industrial capacity, technology leadership, supply chain resilience, and strategic autonomy (assessed under Replicability award criterion).
- Relative GHG emission avoidance: at least 50%.
- Cost efficiency ratio: max €200/t CO₂eq.
- Simplification for small-scale projects: degree of innovation can be at national level.

What are the award criteria?

- Degree of innovation: Innovation beyond state of the art at European level (except State of the Art or Standard Practice at European or national level).
- GHG emission avoidance potential: Absolute and Relative emissions avoidance and quality of calculation and minimum requirements.
- Project maturity: technical, financial and operational maturity.
- Replicability:
 - Efficiency gains and multiple environmental impacts
 - Further deployment potential and technology transfer
 - Europe's industrial leadership and competitiveness.
- Cost efficiency: Cost efficiency ratio (different formula for Pilot projects) and quality of the

relevant cost calculation and minimum requirements.

Bonus points awarded for: Net Carbon Removals, Other GHG savings, electricity from additional RES, projects in the maritime sector.

Is co-financing possible?

The Strategic Technologies for Europe Platform (STEP) provides the following benefits per programme:

- Cohesion policy funds (ERDF, CF, ESF+, JTF): Possibility for Managing Authority to fast-track project (ERDF, ESF+) and grant combined support.
- Recovery and Resilience Facility (RRF): Project to be considered as a priority for funding under national Recovery and Resilience Plans.
- Modernisation Fund: Project may be considered as a priority for funding.
- InvestEU: To be taken into account by Commission in its 'policy check', and project to be examined by implementing partners.
- Other Union funds or programmes: Project could be granted (combined) support.

What about the new possibility of Grants-as-a-Service (GaaS)?

Member States can complement the IF24 Call with national funding schemes through the 'Grants-as-a-Service' (GaaS) feature (see C&S Innovation Fund Briefing Part I).

For the moment, no Member State has indicated their intention to organise a GaaS for this call.

IF 24 Battery Call

What projects can be funded?

The IF24 Battery Call aims to incentivise the production of the most sustainable battery cells in Europe and increase the resilience of their



European value chains. It will contribute to the decarbonisation of transport and help meet the increasing demand for electric vehicles. Proposals can be submitted for:

- EV batteries cell manufacturing (cells can be used in EVs).
- Battery cell manufacturing including upstream components manufacturing but not exceeding 100% of the project's cell production capacity.
- Battery cell manufacturing including recycling activities but not exceeding 100% of the project's cell production capacity.

The following are excluded from the scope of the IF24 Battery Call (as they fall under the IF24 Call for Net Zero Technologies):

- Batteries for stationary storage.
- Batteries applications (e.g., EV production).
- Assembly projects (e.g., battery packs or modules).
- (Standalone) components manufacturing.
- (Standalone) Batteries Recycling activities.
- Mining activities (excluded for both calls).

Only projects that have not yet reached Financial Close at the time of grant application can be funded. Costs already incurred at application stage are not eligible for funding.

What are the award criteria?

- Degree of innovation: Beyond state-of-the-art (scaling up of existing technologies explicitly encouraged) - Lower scoring weight than in IF24 Call.
- GHG emission avoidance potential: Absolute and Relative emissions avoidance and quality of calculation.
- Manufacturing carbon footprint reduction (specific for batteries call).
- Project maturity: technical, financial and operational maturity.
- Replicability:
 - Efficiency gains and multiple environmental impacts
 - Further deployment potential and technology transfer

- Europe's industrial leadership and competitiveness.

- Security of supply and countering dependency (specific for batteries call): aiming to reduce sourcing of anode and cathode active material from China.
- Cost efficiency: Cost efficiency ratio (different formula for Pilot projects) and quality of the relevant cost calculation and minimum requirements.

Are there any additional key requirements?

As part of the resilience requirement, two additional obligations are outlined:

- Patents: new patents originating from the project, during the project's duration must be registered in an EU Member State or EEA country.
- Reporting requirements at Financial Close, at Entry into Operation, in annual reports and reporting at the end of the monitoring period.

Penalties will apply if the above requirements are not fulfilled.

Is additional lending to battery value chain projects foreseen?

In addition to the EUR 1 billion budget of the IF24 Battery Call, the IF will provide a EUR 200 million loan guarantee to the European Investment Bank (EIB), consisting of a [thematic top-up under Invest EU](#).

Lending under the top-up will be open to battery manufacturing projects (beyond EV) along the value chain, excluding mining and pure assembly projects.

Additionally, a loan facility will be given to complement the calls and leverage EIB and private financing. This facility will support innovative projects with venture debt.

Assessments will be done on a rolling basis.



How are the grants disbursed?

The grants are given in the form of a LUMP-SUM, covering up to 60% of relevant costs distributed:

- At financial close: up to 40% of grant.
- After financial close: remaining amount of at least 60%.
- After entry into operation: generally, at least 10%.

This applies equally to IF24 Call for Net Zero Technologies and IF24 Battery Call.

Final considerations (both calls)

Applications must be submitted by project promoters by 24 April, 17:00 (CET) via the [EU Funding and Tenders Portal](#).

Applicants will be informed about evaluation results in the fourth quarter of 2025. Successful applicants will sign grant agreements in the first quarter of 2026.

The selected projects must reach financial closure within four years after the grant signature. Pilot and clean-tech manufacturing projects are encouraged to achieve financial closure within two years and entry into operation within four years after grant agreement signature.

Communication

The Commission has an [EU Innovation Fund Helpdesk](#). Each country has designated National Contact Points to ensure a first point of information at local level.

The Commission has published some [FAQs](#) on the Innovation Fund.

Clayton & Segura can assist you and liaise with European and national contact points putting at your disposal our trustful contacts.

Please do not hesitate to contact us.

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This briefing is provided by Clayton & Segura State Aid Lawyers for informational purposes only and is not intended and should not be construed as legal advice.

Clayton & Segura are state aid lawyers with more than 20 years of experience. At Clayton & Segura, we work exclusively in the field of state aid and provide comprehensive support to our clients.

Until next time, have a good start to 2025, and don't forget to follow us [on LinkedIn](#) or contact us at info@claytonsegura.com for your favourite EU state aid newsletter!

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