

INNOVATION FUND

SECOND AUCTION FOR RENEWABLE H₂



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Driving clean innovative technologies towards the market

Purpose

The [Innovation Fund](#) (IF) is one of the world's largest funding programmes for the demonstration of innovative low-carbon technologies through [regular calls](#) and the [H₂ Auction](#). The programme is financed by revenues from the European Union Emission Trading System (EU ETS) and the remaining funds from the NER 300 programme. Until now, the Innovation Fund has used a selection procedure based on multiple award criteria defined in its legal basis and call-specific scoring and ranking mechanisms. However, the H₂ Auction is based on an Auctions-as-a-Service where the good auctioned is not the product itself, but rather a subsidy for a specific activity or product.

About IF Second Auction for Renewable H₂

The Commission presented a new plan to stimulate and support investments in renewable hydrogen production through the [European Hydrogen Bank \(EHB\)](#) to help the Innovation Fund support the development of a domestic renewable hydrogen market. The call supports the renewable fuel of non-biological origin (RFNBO) hydrogen producers located in the European Economic Area (EEA) with a fixed premium in EUR / kg of RFNBO H₂ produced during a maximum period of 10 years. The support will be allocated through an open competitive bidding procedure that will ensure a proportionate remuneration of the project funding gap.

Funding Information

The total available budget includes two topics subject to separate competitive bidding procedures:

- General topic to support the production of RFNBO hydrogen regardless of the sector in which it will be consumed (EUR 1 000 million); and
- Specific topic for the production of RFNBO hydrogen to be used in the maritime sector (EUR 200 million).



The total RFNBO hydrogen volume for which support will be awarded derives from the total available budget and the individual bids' prices and volumes.

Grant Calculation

The maximum grant amount is calculated as follows:

$$[\text{Bid price in } \frac{\text{€}}{\text{kg}}] \cdot [\text{expected average yearly volume in } \frac{\text{kg}}{\text{year}}] \cdot 10 \text{ years}$$

Call open date & expected deadline

The call will open on 3 December and is expected to close in mid-February.

Economic and Term Conditions

- No special rules regarding electrolyser technologies, off-takers (may be focused on industrial or transport), or countries of the EEA
- The maximum grant amount is 250 M€ for the general topic and 200 M€ for the maritime sector; semi-annual payments
- Minimum required project size: 5 MWe
- Ceiling price: €4.0 per kg of H₂
- Max. realisation period for Financial Close 2.5 years and Entry into Operation, 5 years
- Underperformance threshold fixed at 30% below bid for 3 years
- Required Lol from a financial institution for completion guarantee covering 8% of the grant

"The experience was nothing short of exceptional. From start to finish, their team of experts guided us through the complex and often overwhelming process – complete process from Funding Fit Assessment, Pre-Application Support throughout the Application Process, following Grant Agreement Preparation. Moreover, now, we are closely collaborating with Nordic Innovators on implementing the successful project."

Jan Halvard Aas Møller,
CFO Biozin Holding

- Required certification that total H₂ volume achieves at least 70% GHG savings (Delegated Act rules) – at the project end
- Electrolyser supplier must provide a Declaration of Origin & it is allowable up to 25% (in MWe) from China

Highly Mature Projects for Renewable H₂ Production

Demonstration of High Mature Projects

In contrast to other IF calls, where participants are responsible for demonstrating the degree of maturity, the H₂ Auction requires the submission of the following documents to demonstrate project maturity:

- PPA: MoU or Lol for, 10-year for at least 60% of required total electricity volumes (suggested 100% volume)
- Hydrogen off-take agreement & price strategy, MoU or Lol for at least 60% of the RFNBO hydrogen production volumes (suggested 100% volume)
- Electrolyser strategy should mention technology features as well as supplier information (foreign subsidies received and business code of conduct among others)
- Proof of advanced conversation with the grid provider
- Proof of advanced conversation with environmental permit authority
- Financial Information File
- Feasibility Study

Not allowancies in the Second Auction

- Cumulation with aid for hydrogen producers' CAPEX or OPEX
- Reductions from levies or taxes that reflect part of the cost of providing electricity to the beneficiaries
- The renewable electricity installation (entering after 1 January 2028) from which power is sourced cannot receive State aid
- RFNBO hydrogen producers cannot have off-take contracts with consumers/be part of integrated projects that benefit from aid for operational costs, which affects their renewable hydrogen consumption levels and/or the levels of output
- Projects already awarded under the IF will not be eligible



Required Documentation



Part A: Participant Information



Part B: Written Application



Gantt Chart



Annexes

(Renewable Electricity Sourcing Strategy, Hydrogen Off-Take and Price Hedging Strategy, Electrolyser Procurement Strategy, Environmental & Grid Connection Permits)



Financial Information File (FIF)



Completion Guarantee Letter of Intent



Feasibility Study

IF Second Auction for Renewable H₂ Process

Nordic Innovators takes the lead on the preparation and submission of a high-quality written application. Our collaborative approach to developing an IFPARH2 application ensures timely delivery of a strong application.

