

Stakeholder consultation on draft of economic Terms and Conditions (T&C) of the 2024 Innovation Fund Auction for RFNBO hydrogen production

Feedback table

Instructions

Thank you for taking the time to provide written feedback on the **draft Terms and Conditions (T&C) of the 2024 Innovation Fund auction for RFNBO hydrogen production**. We further hope to see you in person or virtually at our workshop on **12 June 2024**, to discuss the feedback provided

We invite you to provide feedback in the below table on the different design elements of the auction scheme for renewable hydrogen production. Given the high number of interested stakeholders and our ambition to review all relevant feedback in very short time, please mind the following:

- Short, concise feedback, e.g. in bullet points is sought. If you have overall, high-level feedback, please provide it at the beginning restricting yourself to a few paragraphs.
- Please substantiate your feedback with evidence.
- Don't feel obliged to provide feedback on all points in the table.
- Please indicate what type of stakeholder you are and whether you intend to bid

Please send your feedback via email to clima-auctions@ec.europa.eu by 6 June 2024.

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Information about the respondent and general feedback

Name:

Position:

Company / Institution / Member State: Hydrogen Europe

Type of Stakeholder (e.g. "H2 project developer", "H2 offtaker", "industry association", "Member State" etc.): Industry association

Intention to bid in IF24 auction: No

General feedback (optional): The hydrogen sector welcomes the second auction of the Hydrogen Bank, as its pilot proved to be an effective mechanism. The sector demonstrated its ability to deliver, with encouraging price signals for RFNBO hydrogen: from few areas, even highly competitive.

However, these results should be taken by DG CLIMA as an opportunity to move forward, not backwards (Fig.1). The pilot auction is providing 720Mio EUR to seven projects: we need more ambition. The results showed that many high-priced projects could be a result of a strict regulatory framework (e.g. additionality/temporal correlation), with 2028 being a decisive year. Having a look at quantities: all 132 bids together, if they were to be awarded, would produce 0.8 MioT RFNBO/y on average, over the next 10 years. That is still less than 1/10 of REPowerEU targets and way below the minimum legal obligations under the Green Deal. Hence, a more ambitious budget should be considered DG CLIMA. The list of projects which have submitted a bid into the pilot auction is long, but only representing a small fraction of the mapped pipeline of projects in Europe. This might be a consequence of excessively strict conditions, with little flexibility offered to participants.

On criteria such as time to commission, cumulation, and ceiling price, DG CLIMA should consider more realistic market conditions, to ensure the competitiveness of the auction and that awardees are in the position to deliver, to decarbonise quicker and reach net-zero.

Last but not least, European taxpayers' money should invest in technologies manufactured in the EU+EEA, not funding external supply chains, that do not abide by the same global rules on trade. This is why we welcome the openness to discuss resilience criteria for the electrolyser procurement strategy. We should foster European value chains while tackling unfair competition, to bet more on safety, performance, autonomy, greener and more responsible supply chains for electrolysis technologies.

The T&Cs evolution : going backwards?



	Pilot auction - 1 st Draft APRIL 2023	Pilot auction - Final T&Cs AUGUST 2023	Second auction – 1 st Draft APRIL 2024
Budget	800 Million EUR	800 Million EUR	Undetermined, part of consultation (from 2.2 bn EUR pot) +20% flexibility rule
End use	No prioritization	No prioritization	Two windows with dedicated budget: General and Maritime
Time to commission	3.5 years	5 years	3 years
Ceiling price	4EUR/kg	4.5EUR/kg	3.5EUR/kg
Cumulation with state aid	No cumulation possible for the same costs, but some flexibilities on offtakers and infrastructure	No cumulation possible for the same costs, but some flexibilities on offtakers and infrastructure	No cumulation possible for the same costs, but some flexibilities on <u>offtakers</u> and infrastructure

Figure 1 – Hydrogen Europe’s internal assessment

I. General auction design elements

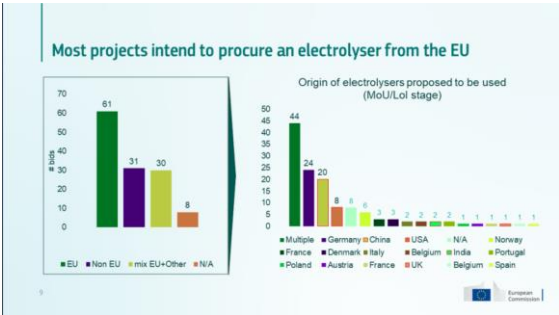
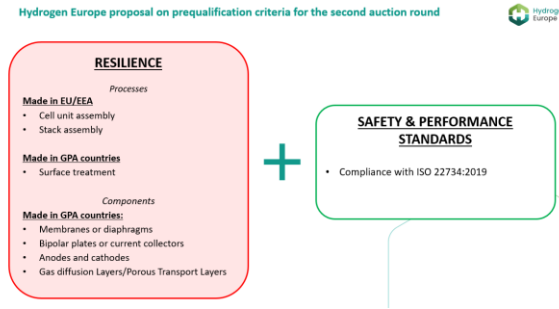
No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen auction	Feedback	Substantiating evidence, data sources, background information
1.0	Objective of the auction	To cost-efficiently support the production of renewable fuel of non-biological origin (RFNBO) hydrogen within the EEA.	<ul style="list-style-type: none"> Hydrogen Europe welcomes the focus on production support. 	
1.1	Auctioned good	<p>RFNBO hydrogen produced from water electrolysis in line with requirements put forward in the Renewable Energy Directive (Directive (EU) 2018/2001) and its Delegated Acts C(2023) 1086 final and C(2023) 1087 final.</p> <p>The RFNBO hydrogen needs to be produced by new production capacity (i.e. capacity for which at the time of application start of works did not yet take place) in order to ensure an incentive effect of the subsidy.</p>	<ul style="list-style-type: none"> Hydrogen Europe finds appropriate the streamlining with RFNBOs definitions and the rules of the Delegated Acts. 	
1.2	Constraining value	<p>The total available Innovation Fund budget of EUR [TBC] million is the constraining value of the auction and is known in advance.</p> <p>For the specific basket for maritime sector, the budget will be EUR [TBC]</p> <p>The total RFNBO hydrogen volume for which support will be awarded derives from the total available budget and the individual bids with their respective bid prices and volumes.</p> <p>The European Commission may decide to make use of a budget flexibility rule of up to an additional 20% of the total budget available based on the pipeline of the projects received.</p>	<ul style="list-style-type: none"> Hydrogen Europe advocates for an ambitious budget allocation to the second auction of the Hydrogen Bank, to capitalise on the potential that the pilot auction shown, with a long list of projects that would still need for EU support. Hydrogen Europe asks the European Commission to keep faith to the announcement of 3bn EUR for the Hydrogen Bank. Breaking down the auction into sectors makes sense only if the overall budget is high. Once the overall funding envelope would be unveiled, it would then make sense to advocate for the respective allocation for the General and the Maritime basket. 	<ul style="list-style-type: none"> The results of the pilot auction clearly showed a pipeline of projects that is able to deliver, some of them with competitive cost structures and timelines. Unfortunately, due to lack of funding only seven projects over 130 proposals managed to win the grant. More funding and additional flexibilities on time to commission, cumulation, and ceiling price from DG CLIMA would allow additional projects to participate. Hydrogen Europe’s pipeline of projects by 2030 shows a potential production volume of up to 8.8 Mt by 2030. Only a small fraction of them applied in the pilot auction. The limited budget combined with the maximum single project’s share of 1/3 in the auction rules out the largest projects – which would theoretically be the most cost-competitive. For the pilot auction, only 158 kt of RFNBO hydrogen was subsidised for 10 years in total, which is far from reaching decarbonising ambitions to 2030. Dividing a “yet to be determined” budget into smaller sub-categories prevents economic optimisation. As the results, as the pilot auction results show, most of projects selected

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen auction	Feedback	Substantiating evidence, data sources, background information
			<ul style="list-style-type: none"> Hydrogen Europe welcomes the introduction of the flexibility criteria for the next auction round. Hydrogen Europe calls on DG CLIMA to reinject the 80Mio missing unallocated from the pilot auction into the second round. Hydrogen Europe stresses out the importance of the Auction-as-a-Service mechanisms, to be further disseminated prior to the second call. 	<p>for funding have multiple off takers (including in the maritime sector). Limiting offtakers to a single sector might result in less competitive bids, especially if the budget is low. This would create additional limitations for a sector (e.g. Maritime) that showed a competitive business case, where in the pilot auction received almost 1/3 of the overall funding available.</p> <ul style="list-style-type: none"> The Auctions as a Service mechanism should be largely implemented, to make projects of certain areas and of certain sectors open for funding, while using Hydrogen Bank's ranking system.
1.3	Support type	Output-based support (payment per unit of verified and certified RFNBO H2 production).		
1.4	Reference price	No reference price needs to be defined for a fixed premium auction.		
1.5	Support form	Fixed premium	<ul style="list-style-type: none"> Hydrogen Europe welcomes the fixed premium approach for the second auction, as it worked well to stimulate participation to the bid. Contracts for Difference (CfDs) could be considered at later stage, once a clearer LCOH would result from the market. Still, too many variables affect production costs, and price signals still differ too much among regions of Europe and sectors. CLIMA should organize a stakeholder consultation to introduce complementary offtaker support 	

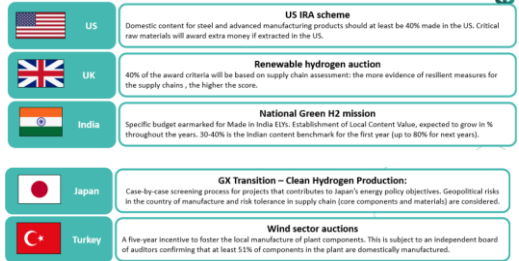
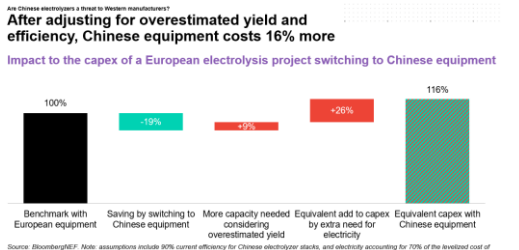
No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen auction	Feedback	Substantiating evidence, data sources, background information
			in the form of Contracts for Difference (CfDs) for the 2025 auction.	
1.6	Safeguards against over-subsidisation	<p>Ensuring competition through market testing, total available budget, a ceiling price, and feedback on the level of competition from one round to another.</p> <p>No claw backs.</p>	<ul style="list-style-type: none"> Avoiding clawbacks mechanisms is a fundamental move to maintain investor confidence and reduce financing costs. 	
1.7	Ranking of bids	Price-only ranking	<ul style="list-style-type: none"> Ranking of bids should be carried out by price-only assessment. However, price-only ranking should be assessed following an introduction of prequalification criteria, see our proposal in point 1.15 Hydrogen Europe asks the European Commission to provide clear, simple and straightforward templates at the time of the application, both for quantitative and qualitative criteria. 	
1.8	Bid components	<p>1) Fixed premium (“bid price”) in EUR/kg of RFNBO hydrogen production (basis for ranking of bids), expressed with two digits after the comma.</p> <p>2) Expected average yearly volume of RFNBO hydrogen production in kg per year over a 10 year production period.</p> <p>The maximum grant amount is therefore calculated as:</p> $\left[\text{Bid price in } \frac{\text{€}}{\text{kg}} \right] * \left[\text{expected average yearly volume in } \frac{\text{kg}}{\text{year}} \right] * 10 \text{ years}$ <p>3) The new electrolyser capacity in Mwe that will be installed and verified as being operational by the time of entry into operation.</p>		

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen auction	Feedback	Substantiating evidence, data sources, background information
1.9	Minimum and maximum yearly production thresholds	<p>No upper or lower limits to the expected average yearly production as stated in the bid.</p> <p>However, the maximum grant amount requested by each proposal must stay within 1/3 of the total available Innovation Fund budget for the auction (see points 1.2 and 2.3).</p> <p>In the case of the specific basket for maritime sector, the maximum grant amount requested by each proposal must stay within 1/2 of the total available budget in this basket.</p>	<ul style="list-style-type: none"> Impossible to provide meaningful feedback without knowing the budget in advance. 	<ul style="list-style-type: none"> As successful as the pilot auction was, the projects participating were just a small fraction of the overall pipeline. This could have been the result of insufficient maturity of those projects but could also be a result of the limits – which combined with a relatively small budget, effectively rule out the very large-scale projects. Dividing the budget into two separate auctions might exacerbate the problem – unless the budget is increased significantly.
1.10	Production flexibility rules	<p>Semi-annual production can be increased up to 140% compared to half of the expected average yearly volume of RFNBO hydrogen production as stated in the bid (see point 1.8). Semi-annual production beyond 140% is possible but not supported by grant payments.</p> <p>The total grant amount is restricted to 100% of the maximum grant amount.</p> <p>See points 4.2 on severe underperformance and 4.3 on semi-annual payment schedule.</p>		
1.11	Grant duration (disbursement period)	<p>The grant agreement will end ten years after the Entry into Operation of the project (unless the total RFNBO Hydrogen production volume as stated in the bid is reached earlier, due to the production flexibility rules (see line 1.10).</p> <p>See also point 4.2 on grant agreement termination.</p>		
1.12	Indexation of support	No indexation.	<ul style="list-style-type: none"> Hydrogen Europe advocates for introducing an indexation mechanism to inflation for the second call of the Hydrogen Bank. For instance, it can be adapted to an EU-average inflation ratio, alleviating variations to the purchasing power of the Euro. 	<ul style="list-style-type: none"> The pilot auction introduced already strategies to harness inflation, like the price hedging strategies requested for electricity PPAs or the hydrogen offtaker strategy. However, these strategies do not directly tackle inflation effects into the final bids, because hydrogen costs of production may change after the award of the grant. Hence, the allocated grant may not be sufficient to cover the once needed premium. Same happened with projects from the Hydrogen IPCEI, that saw the grants not reflecting

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				<p>anymore cost structures after 2-3 years of notification period (COVID, supply chain crisis, Russian invasion).</p> <ul style="list-style-type: none"> The Wind Charter (Dec 2023) is proposing the same. It is important to include price hedging strategies to mitigate the effects of inflation, to avoid unsuccessful bids like the wind auctions of 2023 (US, Mexico, UK).
1.13	Technology baskets, differentiation by regions or actors	<p>There will be two budget baskets: (i) a budget of EUR [TBC] million will be earmarked for projects with maritime off-taker(s) and (ii) a general basket. The remainder of the budget is earmarked for projects which do not have off-takers in the maritime sector. For more information on the clearing mechanism, please refer to line 3.8.</p> <p>For a definition of an off-taker in the maritime sector, please refer to Section 3, Qualification Requirements.</p> <p>If a portion of the budget remains unawarded in the maritime basket, that amount will be transferred to the general basket.</p>	<ul style="list-style-type: none"> Hydrogen Europe advocates for an ambitious budget allocation to this call of the Hydrogen Bank, to capitalise on the potential that the pilot auction shown, with a long list of projects that would still need for EU support. Hydrogen Europe asks the European Commission to keep faith to the announcement of 3bn EUR for the Hydrogen Bank. Once the overall funding envelope would be unveiled, it would then make sense to advocate for the respective allocation for the General and Maritime baskets. Hydrogen Europe recalls DG CLIMA to reinject the 80Mio missing unallocated from the pilot auction into the second round. 	<ul style="list-style-type: none"> Introducing a Maritime basket without knowing the budget beforehand, which will hardly be at the level of expectations (3bn), will lead to excessive fragmentation the Hydrogen Bank. Already circa 1/3 of the budget of the pilot auction went to maritime (and alike) end-users, so no need to provide a specific basket to it unless the overall pot is considerable. The risk of limiting, instead of enhancing, maritime players is highly likely. CLIMA proposal would discourage projects with multiple off-takers, with different ratios (CLIMA: 60% RFNBO hydrogen should go to maritime off-takers in the respective basket).
1.14	Method and estimate of subsidy per ton of CO2e abated	<p>The value of the subsidy per tonne of CO2e abated will be calculated by CINEA and does not have to be provided by the applicant / does not form part of the evaluation.</p> <p>The expected CO2e abatement per kg of renewable hydrogen produced will be calculated using the 2021-2025 ETS benchmark of 6.84 t_CO2e/t_H2. This is a conservative estimate in not taking into account additional carbon abatement due to substitution effects in the RFNBO H2 end use application.</p>		

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1.15	Resilience related requirements for the electrolyser	<p>The bidder will have to provide as part of its electrolyser procurement strategy (see section 3) information about (i) percentage of the value of the electrolyser allocated to critical raw materials, (ii) end of life / recycling strategy plans, (iii) responsible business conduct, (iv) compliance with safety and performance requirements and standards, and (v) public subsidies received for the production of the electrolyser.</p> <p>Beyond information gathering, the European Commission is looking into incorporating and operationalising solid resilience aspects through the auction design (e.g in the form of non-price criteria, or pre-qualification criteria) in line with the Union's international obligations. In the light of stakeholder comments in response to this consultation and a stakeholder event in June 2024, further discussions between the Commission's services will take place before the final Terms & Conditions will be published in Q3 2024.</p>	<ul style="list-style-type: none"> Hydrogen Europe believes that in order to keep a strong market position in hydrogen technologies globally, introduction of non-price criteria would allow European (EU+EEA) players to thrive in Europe and benefit from European taxpayers' resources. However, the introduction of non-price criteria should not be at the detriment of international partners, and it shall not therefore exclude third countries from participating. Any company from all over the world should be welcomed to establish manufacturing facilities in Europe and to benefit from EU money. Hydrogen Europe asks the European Commission to proceed with the following proposal: The most effective measure to introduce non-price criteria in the following auction of the Hydrogen Bank is through the establishment of prequalification, that would automatically exclude players that are not complying with the requirements, while leaving the architecture of the auction untouched. Hydrogen Europe is proposing two prequalification criteria to be checked on a pass/no pass basis: <ol style="list-style-type: none"> RESILIENCE <p>In order to qualify for Hydrogen Bank funding, certain critical production steps and</p> 	 <ul style="list-style-type: none"> European Commission's slides on the pilot auction showed the following results: 44 multiple origins (clarification needed on its meaning); 20 from China, 8 from the US. Hence, 72 bids presented participation from third countries, against 60 from EU/EEA+UK. Hydrogen Europe flags to CLIMA that for the winning bids of the pilot auction, the risk of having third countries' technologies could be more than 60%.  <p>RESILIENCE</p> <ul style="list-style-type: none"> There are highly innovative cells and stack manufacturers in the EU/EEA for all commercially available electrolyser technologies. This would ensure high level of competition, required manufacturing capacities, economies of scale and reasonable lead times for delivery of products. The require-

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			<p>components of an electrolyser have to be carried out:</p> <p style="text-align: center;"><i>PROCESSES</i></p> <p><u>Within the EU/EEA:</u></p> <ul style="list-style-type: none"> • Cell units' assembly: It is the process of integrating the core components (separators and electrocatalysts) of individual electrolysis cells to create functional units capable of carrying out water electrolysis reaction. • Stack assembly: It refers to the process of stacking individual electrolysis cells into a cohesive unit, the stack. <p><u>Within countries signatories of the Global Procurement Agreements (GPA):</u></p> <ul style="list-style-type: none"> • Surface treatment: Refers to the application of a coating to the stacks cell, including galvanizing and etching. It also refers to the coating of catalyst materials into membranes. <p style="text-align: center;"><i>COMPONENTS</i></p> <p><u>Within countries signatories of the Global Procurement Agreements (GPA):</u></p> <ul style="list-style-type: none"> • Membranes or diaphragms • Bipolar plates or current collectors • Anodes and cathodes • Gas diffusion layers/Porous transport layers <p style="text-align: center;">***</p> <p>All these pieces of information shall be provided by an original equipment manufacturer (OEM) at the time of submitting the electrolyser procurement strategy to the project promoter.</p>	<p>ments of production within the EU/EEA would assure a resilient and robust supply chain and would guarantee sufficient price competition and cost decrease over time. Establishment of cell unit assembly and stack assembly within EU/EEA is feasible for those companies that today do not have a European footprint but are willing to play an important role in the EU hydrogen market and want to leverage European funding from taxpayer's money. Such establishment of European manufacturing leads to further increase of competition and assures resilience by supporting EU supply chains and a level playing field and creates jobs and values in the EU.</p> <ul style="list-style-type: none"> • There are critical production steps such as the coating of membranes with catalyst materials, the galvanisation and etching of cells, that are essential to build electrolysers, which are irreplaceable and mandatory for the key performance of electrolyser. This critical know-how influences efficiency, performance and durability of hydrogen production installations. The final goal should be the securitisation of this critical technical know-how, to stay in Europe. European companies are well placed to deliver on most of those critical processes, with an important footprint also based in UK, USA, and Japan. Europe should progressively build a strong and resilient supply chain, cooperating with strong trade partners and ensuring a sufficient level of supply diversification to maintain a healthy, innovative, and competitive environment. Dependence on a single third country for any one of these critical components represents a supply chain risk and should be avoided. Therefore, ensuring surface treatment processes within GPA signatory countries seems suitable. • Taking the terms and conditions of the Hydrogen Bank pilot auction as a reference, project developers have to complete their projects within a 5-year window. As such, having project promoters provide evidence at the time of commissioning gives ample time for manufacturers from all over the world to come to Europe to manufacture their products, ensuring a level playing field for all and encouraging competition. If, after the date of the award or the grant agreement and before the commissioning, the project developer decides to procure its electrolyser from a

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen auction	Feedback	Substantiating evidence, data sources, background information
			<p>2) SAFETY AND PERFORMANCE</p> <p>Regarding safety standards, Electrolyser companies should comply with ISO 22734:2019</p> <p>Regarding performance, developing a unified scheme for the next call of the Hydrogen Bank would take long.</p> <p>The EC should facilitate talks with CEN & CENELEC to gather the opinion of relevant stakeholders, via commissioning of appropriate research. And if feasible, EC should mandate CEN & CENELEC to develop standards accordingly.</p> <p style="text-align: center;">***</p> <p>IMPLEMENTATION</p> <p>At the time of submitting an official bid in a Hydrogen Bank auction, project developers should present an LoI/MoU with an OEM, asserting that prequalification criteria will be met, i.e. that for the project for which a bid is submitted the production steps identified above are carried out at a site in the EU/EEA (or GPA where required). At the time of commissioning, the project developer will have to provide evidence that the manufacturing-related criteria are still being met. Otherwise, the grant agreement is considered void, and the project will lose both funding and completion bond.</p> <p>DG CLIMA, at the time of launching the second auction, should make available to OEMs all the templates and documents needed for complying with such pre-qualification criteria. Those documents should be drafted in the easiest and straightforward way possible, to be easily checked with the final pass/no pass test.</p>	<p>different OEM than the one providing the LOI/MoU, the requirement remains the same. Hence, the criteria relate to the resilience of the manufacturing process and not to the domicile of individual companies.</p>  <ul style="list-style-type: none"> It sends a stronger signal for the electrolysers manufacturers and components suppliers to come or stay in Europe. It does not require a change in auction or scheme design. Project proposals will be still selected and awarded on a price basis in the end, upon the pass/no pass process. It will maintain or even increase a competitive electrolyser manufacturer and electrolyser component supplier landscape in Europe It does not exclude third countries from participating Over the long term, European/GPA technologies may grant a 16% CAPEX reduction compared to other techs <p>After adjusting for overestimated yield and efficiency, Chinese equipment costs 16% more</p> <p>Impact to the capex of a European electrolysis project switching to Chinese equipment</p>  <p>Source: BloombergNEF. Note: assumptions include 90% current efficiency for Chinese electrolyzer stacks, and electricity accounting for 70% of the invested cost of hydrogen production for the benchmark European system with local equipment.</p> <p>29 BNEF BloombergNEF</p>

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			<p>***</p> <ul style="list-style-type: none"> For other information that CLIMA would like to ask to OEMs, please refer to point 6.5 below 	<ul style="list-style-type: none"> Having this prequalification criteria may help avoiding the shipping of cheaper components to Europe to be assembled. This scenario will be a clear loss of added value for taxpayers' money.

II. Qualification requirements

No.	Design Element	Specific implementation of the Innovation Fund renewable hydrogen auction	Feedback	Substantiating evidence, data sources, background information
2.1	Qualification requirements	<p>For further details on qualification requirements see section 3 of the Terms & Conditions.</p> <p><u>Admissibility:</u></p> <ul style="list-style-type: none"> Strict respect of submission deadlines, use of forms provided by the granting authority and submitted through the Funding and Tenders Portal, and compliance with presenting all required documentation (Application Forms), together with mandatory documents and supporting documents, including a Gantt chart outlining the project timeline and a financial information file (with a template-based financial model and bid components)) <p><u>Eligibility:</u></p> <ul style="list-style-type: none"> Proposals must relate to projects located in the EEA. Project and budget size in the limits expressed in point 2.3 The bid amount may not exceed the ceiling set in point 3.7 	<p><i>See section 6</i></p> <ul style="list-style-type: none"> All evaluation criteria must be clearly described in the T&C, there should be templates provided by CINEA that allow for structured answers on requirements. This includes besides electrolyser origin also maturity criteria (financial). 	

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		<ul style="list-style-type: none"> • Compliance with legal entity checks (compliance with EU exclusion situation limitations (default, prosecution, etc). All beneficiaries will have to be validated. • No geographical limitation on origin of members of the consortium. • Signed self-declarations, see section 3 of the Terms & Conditions (also part of Application Form Part B) <p><i>Relevance and Quality.</i></p> <ul style="list-style-type: none"> • The proposals will be evaluated on a pass/fail basis on relevance, technical, financial, and operational maturity assessed based on the documents listed in section 3 of the Terms & Conditions and their description in Application Form B. <p>After evaluation and before grant agreement signature, an additional financial capacity check will be made, to ensure that applicants have stable and sufficient resources to successfully implement the projects and contribute their share.</p>		
2.2	Completion guarantee	<p>A completion guarantee covering 10% of the maximum grant amount (see point 1.8) will be requested. The guarantee must be issued by a bank or financial institution (rated at least BBB-/Baa3) and must be able to be called by the granting authority if the project does not reach approved entry into operation within 3 years after signing the grant agreement (see point 4.1).</p> <p>The completion guarantee shall be issued at the latest two months after receiving the evaluation result letter inviting the selected applicants for grant agreement preparation. It shall be valid from the date of issuance until six months after the maximum time to entry into operation (i.e. after verification that the electrolyser capacity stated as part of the bid production capacity is operational). The duration of the completion guarantee is expected to be at least 3 years and 11 months, and it will have to be issued no later than two months after the receipt of the invitation letter. A template will be made available and will have to be used.</p> <p>If entry into operation is reached earlier, the guarantee can be released earlier.</p>		

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		<p>A letter of intent from a bank or financial institution to issue a completion guarantee will be required as part of the proposal. A template will be made available and will have to be used (no changes to the template are allowed).</p> <p>The enforcement of completion guarantees is further explained in point 4.2.</p>		
2.3	Minimum or maximum restriction for project size and for bid volume	<p>Maximum grant amount restriction for each bid: 1/3 of the total available budget defined for the auction basket.</p> <p>In the case of the specific basket for maritime sector, the maximum grant amount requested by each proposal must stay within ½ of the total available budget in this basket.</p> <p>Minimum technical requirements: 5 Mwe of newly installed electrolyser capacity (which must be in a single location; virtual pooling of capacity is not permitted).</p>	<ul style="list-style-type: none"> • Difficult to provide meaningful feedback without knowing the budget. 	<ul style="list-style-type: none"> • As successful as the pilot auction was, the projects participating were just a small fraction of the overall pipeline. This could have been the result of insufficient maturity of those projects but could also be a result of the limits – which combined with a relatively small budget, effectively rule out the very large-scale projects. • Dividing the budget into two separate auctions might exacerbate the problem – unless the budget is increased significantly.
2.4	Off-taker restrictions	<p>No off-take restrictions in the overall auction.</p> <p>However, limitations apply within each budget basket. Please refer to section 1.13</p>	<ul style="list-style-type: none"> • See point 1.13 	
2.6	Regulations for transporting hydrogen	<p>Infrastructure costs can be priced into the bid but there is no explicit mechanism to offset comparative disadvantage of projects with infrastructure costs.</p>		
2.7	Consideration of “General measures” ¹	<p>See section 4 of the Terms & Conditions on cumulating support under auction with other public support.</p>		

¹ (e.g. green premium stemming from regulations)

No.	Design Element	Specific implementation of the Innovation Fund renewable hydrogen auction	Feedback	Substantiating evidence, data sources, background information
2.8	Cumulating support under auction with other public support for RFNBO hydrogen producer	See section 4 of the Terms & Conditions on cumulating support under auction with other public support.	<ul style="list-style-type: none"> • Some degree of cumulation should be allowed with both CAPEX and OPEX support. Hydrogen Europe proposes two options: <ol style="list-style-type: none"> 1) Cumulation should be allowed with costs already covered by the <i>de minimis</i> regime <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 2) Resignation from previous state aid/public support received by the project, to access exclusively Hydrogen Bank's fixed premium <ul style="list-style-type: none"> • Cumulation should always be allowed in the Auction-as-a-Service mechanism, as the responsibility of those dedicated resources is exclusively at Member States level. 	
2.9	Cumulating support under auction with other public support for RFNBO hydrogen off-taker	See section 4 of the Terms & Conditions on cumulating support under auction with other public support.	<ul style="list-style-type: none"> • Hydrogen Europe strongly advises to introduce cumulation flexibilities with off-takers which already received OPEX support. 	<ul style="list-style-type: none"> • Major RFNBO hydrogen off-takers have been automatically excluded from the pilot auction, due to already received OPEX support both either from national budgets, EU money or both. • 2040 targets are excluding RFNBO hydrogen used in e.g. heavy industry applications, thus reducing the stimulus to introduce RFNBO hydrogen in such processes. • In order to make prices decrease for hydrogen, demand should be clearly factored in, in order to make the "pie bigger" and to further stimulate production in the EU. • Other funding mechanism which funds hydrogen production projects,

No.	Design Element	Specific implementation of the Innovation Fund renewable hydrogen auction	Feedback	Substantiating evidence, data sources, background information
				<p>such as IPCEI and the EU IF grant, subsidises both CAPEX and OPEX. For those projects there is no restriction to which project they can sell their subsidised hydrogen.</p> <ul style="list-style-type: none"> • Even if the offtake receives CAPEX und OPEX support, we see that the willingness to pay is still well below the LCOHs. So additional funding on the production side is necessary.
2.10	Exclusion of cross-subsidisation of “grey” hydrogen	Beneficiaries will need to provide certification that the total volume of hydrogen produced by the supported capacity achieves at least 70% GHG savings following the rules set out in the Delegated Act C(2023) 1086 supplementing Directive (EU) 2018/2001 (on average during the disbursement period of the scheme). The certification will be required as a deliverable for the last work package (independent third-party certificate or audited reports).		

III. Design elements defining the auction procedure

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen Auction	Feedback	Substantiating evidence, data sources, background information
3.1	Competitiveness of the process	<p>No discrimination against participants in auction.</p> <p>Transparency on requirements and sufficient lead times to prepare bids.</p>		

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen Auction	Feedback	Substantiating evidence, data sources, background information
		Total available budget with possible 20% budget flexibility is a limiting constraint. No ex-post adjustments of auction rules.		
3.2	Single vs. multiple-item auction	Multiple-items		
3.3	One-stage or two-stage auction	One-stage.		
3.4	Auction type	Static auction.		
3.5	Pricing rules	Pay-as-bid.		
3.6	Minimum prices	No minimum price.		
3.7	Ceiling prices	Disclosed ceiling price: 3.50 €/kg of hydrogen produced as a maximum bid for the fixed premium. The same ceiling price would apply to both the general basket and the maritime basket of the auction rounds.	<ul style="list-style-type: none"> Hydrogen Europe believes that the ceiling price should remain at EUR 5/kg. 	<ul style="list-style-type: none"> The low strike prices shown in the pilot auction are particularly common for first auctions, while competition is usually higher than in following rounds. The pilot auction represents too small a sample. Many projects still have a much higher gap than 0.4-0.5 EUR/kg. A higher ceiling price does not affect the competitiveness of the auction or the clearing price but will allow a wider set of projects to bid, even smaller ones which might not be as competitive and will still provide relevant data on the state of the market to DG CLIMA.
3.8	Clearing mechanism and marginal bid	Bids are awarded based on the bid price until the total budget available for the auction is allocated.		

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen Auction	Feedback	Substantiating evidence, data sources, background information
		<p>Proposals whose requested grant amount fits within the Innovation Fund call budget will be also assessed against operational capacity and the relevance and quality award criteria, on a pass/fail basis.</p> <p>The last bid that exceeds the total budget available will be added to the reserve list.</p> <p>The European Commission may decide to make use of a flexibility rule of up to an additional 20% of the total budget available.</p> <p>The maritime basket will be cleared first. If a portion of the budget remains unawarded in the maritime basket, that amount will be transferred to the general basket.</p> <p>If a portion of the budget remains unawarded in the general basket, that amount will be transferred to the maritime basket and the clearance of the latter revised with the additional available budget. Any remaining budget afterwards will be transferred to the next auction.</p>		
3.9	Tiebreaker rule	<p>For proposals with the same bid price, a priority order will be determined according to the following approach:</p> <p>Successively for every group of ex-aequo proposals, starting with the lowest bid price group, and continuing in descending order:</p> <ol style="list-style-type: none"> 1) Proposals with the overall smaller maximum grant requirement will be considered to have higher priority. 2) If this doesn't allow to determine the priority, proposals located in a country²with fewer funds awarded previously under the Innovation Fund will be considered to have higher priority. 3) If this also doesn't allow to determine the priority, then proposal with a shorter time until entry into operation are considered to have higher priority. 	<ul style="list-style-type: none"> • Hydrogen Europe proposes to include another tiebreaker rule proposal: projects that include cross-border transportation of hydrogen (i.e. have production and offtake located in two separate Member States) should come first against those that do not have it. 	
3.10	Minimum volume of bidders	All conditions are set ex ante; the auction volume will not be adapted to the observed participation, except for the possibility of		

² From the EEA.

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen Auction	Feedback	Substantiating evidence, data sources, background information
		applying of a budget flexibility rule of up to 20% of additional budget.		

IV. Design elements defining rights and obligations

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen Auction	Feedback	Substantiating evidence, data sources, background information
4.1	Maximum time to entry into operation	<p>3 years.</p> <p>The maximum time to entry into operation is defined as the period between signature of the grant agreement and entry into operation.</p>	<ul style="list-style-type: none"> Hydrogen Europe brings to the attention of DG CLIMA that point 4.1 represents a red flag for the hydrogen sector. The maximum time to entry into force should be kept the same as for the pilot auction, 5 years. 	<p>2.9 years for entry into operation – a flash in the pan?</p> <ul style="list-style-type: none"> Pilot auction represented a too small sample for proposing already a maximum entry into operation of 3 years. Furthermore, in DG CLIMA's slide above, many outliers bid below 1.5y for their commissioning time, this carrying a very high risk of not complying with that deadline. These outliers are thus affecting the average negatively. Additionality kicks in in 2028, and many projects are rushing to enter into operation before the deadline. Thus, in our view, the results of the pilot auction are not an accurate reflection of reasonable project deployment times. A larger project sample is needed.

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen Auction	Feedback	Substantiating evidence, data sources, background information
				<ul style="list-style-type: none"> • CLIMA needs to give projects their time to maximise the opportunity to receive final investment decisions, rather than risking of not delivering. • Furthermore, with an expected bigger budget, the second auction may support larger project which usually have longer EiO times than smaller ones. This is especially true in case of large scale projects which would require deployment of dedicated hydrogen transportation or storage infrastructure. • It should be noted that the producer takes on considerable risk. If, for example, the hydrogen core network/backbone/national infrastructure is not commissioned or not commissioned on time, the commissioning of the electrolyser will also be delayed, which will then lead to the loss of funding and also to the loss of the completion guarantee.
4.2	Sanctions in case of non-compliance with support requirements	<p>If the maximum time to entry into operation is exceeded, the grant agreement will be terminated, and the granting authority will call the completion guarantee described in point 2.2</p> <p>A project entering into operation should be able to demonstrate as operational a nameplate capacity of at least 100% of that expressed in the bid. The entry into operation needs to be approved by the granting authority.</p> <p>Further, the grant agreement may be terminated and the grant reduced if the verified and certified RFNBO hydrogen production falls on average below 30% of the expected yearly average volume as stated in the bid for three consecutive years. This average will be calculated over a rolling 3-year period.</p> <p>If the project cannot certify that the overall total amount of hydrogen produced achieves at least 70% GHG savings (see point 2.10), the grant may be reduced.</p>		

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen Auction	Feedback	Substantiating evidence, data sources, background information
		<p>If a project was awarded under the maritime basket, it will have to demonstrate during implementation that at least 60% of the total volume of hydrogen production as stated in the bid will be directed to a maritime off-taker. If the project is not able to demonstrate signed contracts for 60% of the production volumes with a maritime off-taker at the moment of reaching Financial Close, it will be terminated. At the end of the implementation period, the project will have to demonstrate the compliance with this requirement. Non-compliance will result in proportional reduction of the maximum grant.</p>		
4.3	Payment schedules	Semi-annual (every 6 months after entry into of operation)		
4.4	Reporting requirements	<p>Until entry into operation, projects will have to report annually on their progress and on key milestones such as reaching financial close and entry into operation.</p> <p>After entry into operation, projects will report periodically alongside their requests for payment. Reports will concern the verification and certification of the produced volume of RFNBO hydrogen.</p> <p>The beneficiaries will need to provide certification that the total volume of hydrogen produced during the support period achieves at least 70% GHG savings according to the rules set out in the Delegated Act C(2023) 1086 supplementing Directive (EU) 2018/2001 (calculated and certified at the end of the support period of the scheme). Certification can be provided by a third party or through audited reports.</p> <p>Beneficiaries awarded under the maritime basket will report periodically, alongside their request for payment, on the status of off-takers and the sectors towards which the production of hydrogen is being directed.</p> <p>The beneficiaries will report periodically, alongside their request for payment, on the absence of cumulation as stipulated in the section 4.</p> <p>To fulfil the call objective of price discovery and contribution to market formation, the bid components of successful applicants³, will be</p>		

³ Namely bid price, volume and capacity as well as the name of the applicant, anonymized and aggregated off-take prices as stated in the financial information file.

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen Auction	Feedback	Substantiating evidence, data sources, background information
		published. Bid prices of non-successful applicants will be published in an anonymized way. Off-take prices of all proposals will be published in an anonymized and aggregated way to avoid identification of applicants or their customers.		

V. Design elements defining the auction and framework conditions

No.	Design Element	Specific implementation in Innovation Fund renewable hydrogen auction	Feedback	Substantiating evidence, data sources, background information
5.1	Scheduling/auction frequency	To be defined based on participation received in previous auctions.	<ul style="list-style-type: none"> One call per year is sufficient as too frequent calls might lead to fragmentation, limiting the funds attractiveness to large scale projects. Calls should be planned at least 2 years in advance, to leave more time to project promoters to bring bankable projects to the auction. 	
5.2	Timing of the auction (early stage or late-stage auction)	Late-stage auction.		
5.3	Granting authority	Climate, Infrastructure and Environment Executive Agency (CINEA)		

VI. Qualification Requirements

No.	Design Element	Original text (Hydrogen Europe addition)	Feedback	Substantiating evidence, data sources, background information
6.1	Admissibility	Admissibility:	<ul style="list-style-type: none"> Application documents, templates and guidelines should clearly support the 	

No.	Design Element	Original text (Hydrogen Europe addition)	Feedback	Substantiating evidence, data sources, background information
		<p>Strict respect of submission deadlines and complete proposals need to be submitted through the Funding and Tenders Portal and contain all required documentation using the mandatory forms and templates provided:</p> <p>1. Application Forms</p> <p>2. Mandatory supporting documents:</p> <ul style="list-style-type: none"> – Calculator/Financial information file (FIF), which includes a simplified financial model and contains the bid components: – the bid price in €/kg RFNBO hydrogen, expressed precisely with two digits after the comma – the expected average yearly volume of RFNBO hydrogen production (kg/year) over a 10-year production period – the electrolyser capacity (MWe) that will be installed and verified as being operational by the time of entry into operation – Participant information – Timetable/Gantt chart, including financial close and entry into operation milestones – Renewable electricity sourcing strategy – Hydrogen off-take and price hedging strategy – Electrolyser procurement strategy – Evidence of initiated process with relevant national or regional authority to receive an environmental permit within the maximum time to entry into operation – Evidence of the strategy to receive a grid connection within the maximum time to entry into operation (only for projects planning to procure electricity from the grid) – Letter of intent from a bank or financial institution (min rating BBB-/Baa3) to issue a completion guarantee against the achievement of entry into operation. The signed completion guarantee must be issued no later than two months after the receiving evaluation result letter inviting the successful applicants for the grant agreement preparation. 	<p>application and cover all evaluation criteria (quantitative and qualitative). Especially for mandatory supporting documents, a structure given by the funding management agency would be helpful to describe the project.</p> <ul style="list-style-type: none"> • Definitions for main milestones like financial close and entry into operation must be given in the T&C. • According to our members, application documents for the EHB pilot auction seemed to be copied / reused from the Innovation Fund Grant scheme. • Some mandatory attachments like the participant information seem to be more important for R&D projects, but not for an auction. There would be better ways to describe the applicant and its ability to develop and deploy the project. 	
6.2	Eligibility	Proposals must relate to projects located in the EEA.		

No.	Design Element	Original text (Hydrogen Europe addition)	Feedback	Substantiating evidence, data sources, background information
		<p>The electrolyser capacity must be installed in a single location (no virtual pooling).</p> <p>Project and budget size are within the limits expressed in point 2.3.</p> <p>The bid amount may not exceed the ceiling set in point 3.7.</p> <p>Compliance with the EU Central Validation Service requirements.</p> <p>There will be no geographical limitation of origin for the consortium. All beneficiaries will have to be validated.</p> <p>Compliance with EU exclusion situation limitations (default, sanctions, prosecution, Deggendorf rule, etc).</p> <p>Self-declarations as part of application form Part B:</p> <ul style="list-style-type: none"> - Commitment to produce RFNBO hydrogen, as defined in the renewable energy directive and its delegated acts. - New capacity. The capacity applied for (capacity as stated in the bid) is new capacity, i.e. works have not started by the time of submission of the application, for the capacity to which the bid refers, in line with the definitions in paragraph 82 of the Guidelines on State aid for climate, environmental protection and energy (COM 2022/C 80/01). - No risk of cross-subsidisation of grey hydrogen. The beneficiaries will need to provide certification that the total volume of hydrogen produced achieves at least 70% GHG savings according to rules set out in the Delegated Act C(2023) 1086 supplementing Directive (EU) 2018/2001 (on average, during the support period of the scheme). Certification can be provided by a third party or through audited reports, at the end of the disbursement period. - Compliance with rules on cumulation of support under the auction with other public support (see also section 4 of the Terms & Conditions). - Compliance with EU exclusion situation limitations (among others, exclusion of undertakings concerned by the Deggendorf rule . 		

No.	Design Element	Original text (Hydrogen Europe addition)	Feedback	Substantiating evidence, data sources, background information
		<p>– Agreement to the publication of the following information: (i) identified bid price, volume, capacity and name for successful bidders, (ii) anonymised bid price, volume and capacity for unsuccessful bidders, (iii) anonymised and aggregated off-take prices for all bidders.</p> <p>– Agreement on sharing the information of the proposal (information on the project proponents, their projects, their contact details, the amount of Innovation Fund support requested and, envisaged dates of financial close and entry into operation) with Member States authorities and Innovation Fund National Contact Points of the MS where the project is located.</p>		
6.3	Assessment of renewable electricity sourcing strategy	<p>The submitted renewable electricity sourcing strategy needs to demonstrate that the project has a credible plan and has taken initial pre-contractual steps towards securing renewable electricity that in volumes and time profile matches the 60% of volumes of RFNBO hydrogen as stated in the proposal. The electricity sourcing strategy should address the main principles of RFNBO hydrogen production: additionality, geographical and temporal correlation.</p> <p>For each expected electricity source, the following information must be stated:</p> <p>a) Name of renewable electricity provider or indication of own assets¹⁰, where applicable.</p> <p>b) Type of renewable electricity source.</p> <p>c) Type of connection (dedicated assets with a direct connection with the renewable electricity generation asset or connection via the grid).</p> <p>d) Volume of electricity supplied from the source (incl. % of absolute volume needed for the project).</p> <p>e) Pricing structure (fixed price, collar, price floor, floating, indexed etc.).</p> <p>f) Duration of supply.</p>	<ul style="list-style-type: none"> • 	

No.	Design Element	Original text (Hydrogen Europe addition)	Feedback	Substantiating evidence, data sources, background information
		<p>g) Where the sourcing of the electricity is dependent on significant energy infrastructure¹¹ that needs to materialise on time, please describe and provide a timeline (including permitting) for that infrastructure to become operational in line within the maximum time to entry into operation of the auction.</p> <p>a) to f) must be represented in an overview table for all electricity sources. In addition, g) can be represented graphically with charts for an illustrative year and month.</p> <p>For at least 60% of the required total electricity volumes during the project's implementation period, Memoranda of Understanding (MoU), Letters of Intent (LoI) or other forms of pre-contractual signed term sheets must be provided, containing points a) to g) above.</p> <p>Where the electricity provider is the same legal entity as the beneficiary, a letter signed by a director/senior executive of the beneficiary can be provided instead of LoI or MoU, explaining how the renewable energy is produced and reserved internally for the production of RFNBO hydrogen by the project. The letter should contain points a) to g) above.</p> <p>The evidence of a renewable electricity sourcing strategy must be consistent with the bid and the financial information file, as well as basic project parameters like the assumed full load hours, hydrogen off-take profile or electrolyser efficiency presented in the application forms.</p> <p>A template for the strategy and the LoI/MoUs will be provided as part of the application documents.</p>		
6.4	Assessment of the hydrogen off-take and price hedging strategy	<p>The submitted hydrogen off-take and price hedging strategy must show that the project has a credible plan and has taken initial pre-contractual steps towards securing the off-take for the produced volumes of RFNBO hydrogen as stated in the bid. Expected off-takers must be listed with the following:</p> <p>a) Name of the off-taker.</p> <p>b) Sector, sub-sector and final product (e.g. Industry-> Chemicals -> Methanol).</p>		

No.	Design Element	Original text (Hydrogen Europe addition)	Feedback	Substantiating evidence, data sources, background information
		<p>c) Off-take volumes (including percentage of hydrogen volume, by off-taker).</p> <p>d) Pricing structure (fixed price, price floor, floating, indexed etc.).</p> <p>e) Duration of the off-take agreement.</p> <p>f) Method of delivery.</p> <p>g) Where the delivery of the hydrogen to an off-taker is dependent on significant energy infrastructure that needs to materialise on time (e.g. pipelines), please describe and provide a timeline (including permitting) for that infrastructure to become operational in line within the maximum time to entry into operation of the auction.</p> <p>a) to f) must be presented in an overview table for all off-takers.</p> <p>In addition, g) can be represented with charts for an illustrative year.</p> <p>For at least 60% of the RFNBO hydrogen production volumes during the project's implementation period, Memoranda of Understanding (MoU), Letters of Intent (LoI) or other forms of pre-contractual signed term sheets with (an) off-taker(s) must be presented, containing points a) – g) above.</p> <p>For physically integrated projects producing hydrogen derivatives (e.g ammonia, methanol, e-fuels, etc.), the presented pre-contractual agreements should be with the off-taker of the derivative product. An integrated project is one that produces hydrogen and turns it into a derivative product as part of an integrated transformation process in the same installation.</p> <p>Where the off-taker is the same legal entity as the beneficiary, a letter signed by a director/senior executive of the beneficiary can be provided instead of LoI or MoU. The letter should contain points a) to g) above explaining how the RFNBO hydrogen is reserved internally for the self-consumption. The information reflected in the letter should be the same as that required in the MoU of a third party of taker except that instead of name of off-taker you should indicate the asset within the integrated project.</p>		

No.	Design Element	Original text (Hydrogen Europe addition)	Feedback	Substantiating evidence, data sources, background information
		<p>Further, the hydrogen off-take and price hedging strategy must show that the project has considered hedges against the variability risk of prices of electricity supply and off-take. Particularly, to mitigate the risk of production stops or schedule alterations due to unforeseen revenue decreases or cost increases (assessed in conjunction with evidence provided in the renewable electricity sourcing strategy). There needs to be substantial symmetry in the price structure of the expected renewable electricity sourcing and the expected off-take arrangements¹².</p> <p>For being eligible under the maritime budget basket, a project must present in its application, and as part of the documentation for its off-taker strategy, Memoranda of Understanding (MoU), Letters of Intent (LoI) or other forms of pre-contractual signed term sheets with (an) off-taker(s) belonging to the maritime sector, accompanied by a self-declaration of the off-taker confirming it operates in this sector. The MoU/LoI must be for either</p> <p>a) the supply of at least 60% of the planned RFNBO hydrogen production volumes during the project's implementation period, or</p> <p>b) for the supply of hydrogen derivatives that require the use of 60% of the planned RFNBO hydrogen production volumes during the project's implementation period.</p> <p>An off-taker will be considered to belong to the maritime sector, if it will use the hydrogen or the hydrogen derivative produced by the project for carrying out/making use of bunkering activities in ports under the jurisdiction of the EEA.</p> <p>A template for the strategy and the LoI/MoUs will be provided as part of the application documents.</p>		
6.5	Assessment of electrolyser procurement strategy	<p>The submitted electrolyser procurement strategy must include a Memorandum of Understanding, Letter of Intent or another form of pre-contractual signed term sheets with an electrolyser manufacturer and must include at least the following elements:</p> <p>a) Type of technology</p>	<ul style="list-style-type: none"> • DG CLIMA to refer to point 1.15 on resilience • Furthermore, the following letters should be removed: • Letter c) 	<ul style="list-style-type: none"> • Deletion of letter c): the prequalification criteria we proposed will make already a large part of it, no need to double the effort • Deletion letter h): already asked in our prequalification criteria suggestion

No.	Design Element	Original text (Hydrogen Europe addition)	Feedback	Substantiating evidence, data sources, background information
		<p>b) Declaration on company which will produce the electrolyser and where the manufacturing of electrolyser will be located</p> <p>c) Declaration of Origin: indication of the % of the added value of the electrolyser stacks used in the project, which is manufactured in the EEA</p> <p>d) Electrolyser capacity in MWe</p> <p>e) Expected delivery date</p> <p>f) Terms of delivery</p> <p>g) Price</p> <p>h) Explanation of how the electrolyser will comply with safety and performance requirements and standards (e.g. ISO 22734:2019)</p> <p>i) Indication of percentage (%) of the value of the electrolyser allocated to critical raw materials as recorded in the fifth list of critical raw materials for the EU (Annex II, COM (2023) 160)</p> <p>j) Information whether the electrolyser supplier has signed up to a responsible business conduct.</p> <p>k) Information whether the electrolyser supplier has an end of life / recycling strategy plans for the electrolyser</p> <p>l) Information about public subsidies received for the production of the electrolyser.</p> <p>A template for the strategy and the LoI/MoUs will be provided as part of the application documents.</p>	<ul style="list-style-type: none"> • Letter h) • Letter i) • Letter j) 	<ul style="list-style-type: none"> • Deletion letter i): burdensome info asked to OEMs that might find challenging to keep track of the % of CRMs used in their electrolysers, due to different components origin and the related supply chains • Deletion letter j): not developed enough for a sound implementation in the electrolyser sector. Furthermore, companies in the EU should have already this criterion complied regardless, with the current and upcoming legislation on due diligence
6.6	Assessment of environmental permits	<p>Evidence of initiated process with relevant national or regional authority to receive an environmental permit for the RFNBO Hydrogen production installation within the maximum time to entry into operation: credible evidence of initiated procedure with relevant national or regional authority to receive an environmental permit within the maximum time to Entry into Operation.</p> <p>The submitted documents must establish in a credible manner that the process of obtaining a permit has been initiated and that the timeline of achieving the permit</p>		

No.	Design Element	Original text (Hydrogen Europe addition)	Feedback	Substantiating evidence, data sources, background information
		<p>before the maximum time to entry into operation is realistic. The documentation provided will be assessed considering each national context, which can also be described in the application.</p>		
6.7	Completion guarantee letter of intent	<p>A letter of intent (using the mandatory template provided alongside the call for proposals) from a bank or a financial institution (min rating BBB-/Baa3) to issue the completion guarantee. The signed completion guarantee will need to be issued no later than two months after the receiving the evaluation result letter inviting successful applicants for the grant agreement preparation.</p> <p>The letter of intent provided at the bid stage (a mandatory template will be provided) which stating that the said financial institution will provide, if the project is selected for funding, a completion guarantee on behalf of the applicant, issued to the granting authority as beneficiary, for an amount corresponding to 10% of the maximum grant amount. The completion guarantee shall be valid from the moment of issuance until six months after the maximum time to entry into operation (i.e. after verification that the electrolyser capacity stated as part of the bid production capacity is operational).</p> <p>The project will have to clearly state in the letter of intent i) the rating level, 2) the name of the entity providing the rating 3) In case of difference between the rated entity and the one signing the letter of intent, an explanation of the relation between both of them, an 4) a link to and open rating data base, or a letter from the rating entity, proving the rate itself.</p>		
6.8	Assessment of maturity	<p>a) technical maturity</p> <p>Based on submitted application documents and project description.</p> <p>b) financial maturity</p> <p>based on submission of a simplified, template-based financial model (contained in "financial information file") as well as financing plan and business plan as part of the project application.</p>		

No.	Design Element	Original text (Hydrogen Europe addition)	Feedback	Substantiating evidence, data sources, background information
		<p>c) operational maturity</p> <p>Competence and experience of the applicants and their project teams, including operational resources (human, technical and other) or, exceptionally, the measures proposed to obtain it by the time the task implementation starts. The credibility and consistency of the documents will be assessed.</p>		

VII. Rules for cumulation of support

No.	Design Element	Feedback	Substantiating evidence, data sources, background information
7.1	Cumulation Rules	<ul style="list-style-type: none"> Please consider section 2.8 and 2.9 above. 	

VIII. Other Comments

No.	Design Element	Feedback	Substantiating evidence, data sources, background information
8.1	Main assumptions informing the quantification used to demonstrate the incentive effect, necessity and proportionality, based on the results of the pilot auction (IF23 Auction)		
8.2			