

Ms. Maria Velkova
DG CLIMA, Rue de la Loi 200
1049 Brussels
Belgium

Copenhagen, 31-08-2022

Open letter

Hydrogen Denmark and its technology members urge DG CLIMA to accelerate the timeline of project implementation under the 3rd Call of the EU Innovation Fund for large-scale projects.

Dear Ms. Velkova,

First and foremost, we would like to send our heartfelt condolences for the passing of Director General Mauro Petriccione. Our deepest sympathies to the wider team at DG CLIMA.

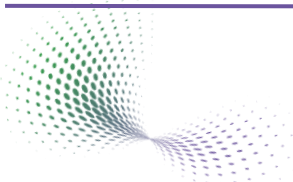
Hydrogen Denmark, together with our technology members, are writing to you to express our concern about the timeline for the 3rd Call of the EU Innovation Fund for [large-scale projects, that includes support for innovative clean technology manufacturing, such as electrolysers and fuel cells](#). We would like to emphasize that our concern is with the timing, and not the instrument itself, which we have always welcomed, and consider an important tool in Europe's green industrial development. In addition to this we also have some comments regarding the project eligibility criteria for this Call, which need to be revised to ensure that manufacturing projects can actually compete and apply without discrimination.

Accelerating project implementation

To accelerate the deployment of renewable hydrogen and the independence from Russian fossil fuels, European electrolyser and fuel cell manufacturers have committed to a tenfold increase in the EU's electrolyser manufacturing capacity by 2025, by signing a [Joint Declaration](#) together with EU Commissioner Breton at the Electrolyser Summit in May. We strongly believe that this 3rd Call of the EU Innovation Fund is a key enabler of the REPowerEU plan and our commitment to it.

However, we fear that timing of the call may make it impossible to deliver on REPowerEU and live up to the commitments of the Joint Declaration. The call is planned to close in March 2023 and, given the time required for application reviews, award decisions, and negotiations, FID would come (expectedly) during Q4 2023. The approx. 2-year construction period for a next-generation, large-scale generation plant, e.g. manufacturing of electrolyser components could only start thereafter. This leaves manufacturers with a very tight schedule to implement the projects by the 2025 commitment agreed with the Commission in the Joint Declaration. Similarly, for projects that could be ready by 2025, this could also represent nearly a 1-year delay, as well as for the achievement of the REPowerEU goals.

We therefore urge the European Commission to accelerate the timeline for the 3rd Call of the EU Innovation Fund for large-scale projects. To do this, we propose the following measures to encourage projects to be implemented as fast as possible:



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1. Make use of paragraph 31b of the Guidelines on State Aid for Climate, Environmental Protection and Energy, so that projects that start before aid application but after the signing of the Joint Declaration (written notification), knowing that this 3rd call was upcoming, also can be supported.
2. Alternatively:
 - a. Allow spending from the date of submission of the first application, rather than final application.
 - b. Encourage early spending such that projects could start but cap their early expenditures to all eligible costs that are not covered by the grant.
3. Amend the scoring of the 'degree of innovation' to make it possible to reward projects for fast implementation. After all, coming up with new ways to deploy faster is also part of innovating.

We are fully aware that this requires projects to accept spending at their own risk, but we also firmly believe that industry is ready for it. Industry commitment is strong, as demonstrated by the Joint Declaration. The purpose is then to support companies that are seeking to meet 2025 commitments agreed with the Commission.

Revising project eligibility criteria


Currently, Innovation Fund eligibility criteria follow a "cascade approach", whereby if a project does not meet the GHG avoidance criteria, the evaluation is stopped without looking at how the project meets the final criteria. However, a technology manufacturer, due to the nature of their activity, could not possibly meet the GHG avoidance criteria, at least not following the methodology currently proposed by the latest Innovation Fund rules. Furthermore, in the case of technology manufacturers, we believe that the criteria that come after GHG avoidance, namely scalability and cost efficiency are at least equally significant vis a vis GHG emissions avoidance, if not more. We therefore propose to:

1. Move from a "cascade approach" to an "equally weighted approach", where all criteria are assessed before a final decision is made; and
2. Create a GHG emissions avoidance calculation methodology specifically for technology manufacturers.

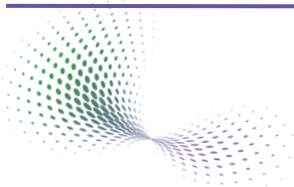
Hydrogen Denmark and the broader hydrogen industry calls on you to implement the above suggestions and stand by our commitment to bring energy independence to Europe within this decade. This will ensure that our industry can contribute its share to the goals of REPowerEU, and will also ensure key future technologies are made in the EU.

We are of course at your disposal should the above give rise to questions, or should you wish to discuss further with us.

Yours sincerely,



Tejs Laustsen Jensen
CEO, Hydrogen Denmark



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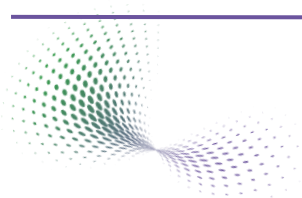
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TOPSOE



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