



## State Aid: Commission approves up to €5.4 billion of public support by fifteen Member States for an Important Project of Common European Interest in the hydrogen technology value chain

Brussels, 15 July 2022

The Commission has approved, under EU State aid rules, an Important Project of Common European Interest ('IPCEI') to support research and innovation and first industrial deployment in the hydrogen technology value chain. The project, called "**IPCEI Hy2Tech**" was jointly prepared and notified by fifteen Member States: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Italy, Netherlands, Poland, Portugal, Slovakia and Spain.

The Member States will provide up to €5.4 billion in public funding, which is expected to unlock additional €8.8 billion in private investments. As part of this IPCEI, 35 companies with activities in one or more Member States, including small and medium-sized enterprises ('SMEs') and start-ups, will participate in 41 projects.

Executive Vice-President Margrethe **Vestager**, in charge of competition policy, said: "*Hydrogen has a huge potential going forward. It is an indispensable component for the diversification of energy sources and the green transition. Investing in such innovative technologies can however be risky for one Member State or one company alone. This is where State aid rules for IPCEI have a role to play. Today's project is an example of truly ambitious European cooperation for a key common objective. It also shows how competition policy works hand in hand with breakthrough innovation.*"

Commissioner for the internal market, Thierry **Breton** said: "*Promoting hydrogen development and deployment will boost jobs and growth throughout Europe while contributing to our green and resilience agenda. It enables the clean transition of energy-intensive industries and increases our independence from fossil fuels. With this IPCEI, we see EU hydrogen production moving "from lab to fab"; and our industry turning technological mastery into commercial leadership. And of course, we are not only supporting hydrogen through funding. We have also made decisive progress on building partnerships through the Clean Hydrogen Alliance and are developing EU-wide rules for enabling the hydrogen market and creating dedicated infrastructure. Because we know what is at stake: Europe's position as a leading region for the hydrogen industrial transformation.*"

The IPCEI will cover a wide part of the hydrogen technology value chain, including (i) the generation of hydrogen, (ii) fuel cells, (iii) storage, transportation and distribution of hydrogen, and (iv) end-users applications, in particular in the mobility sector. It is expected to contribute to the development of important technological breakthroughs, including new highly efficient electrode materials, more performant fuel cells, innovative transport technologies, among which first time roll out hydrogen mobility ones. The IPCEI is expected to create approximately 20.000 direct jobs.

### Commission assessment

The Commission assessed the proposed project under EU State aid rules, more specifically its [Communication on Important Projects of Common European Interest](#).

Where private initiatives supporting breakthrough innovation fail to materialise because of the significant risks such projects entail, IPCEI enable Member States to jointly fill the gap to overcome these market failures. At the same time, they ensure that the EU economy at large benefits from the investments and limit potential distortions to competition.

The Commission has found that the IPCEI Hy2Tech fulfils the required conditions set out in its Communication. In particular, the Commission concluded that:

- The project contributes to a **common objective** by supporting a key strategic value chain for the future of Europe, as well as the objectives of key EU policy initiatives such as the Green Deal, the EU Hydrogen Strategy and REPowerEU.
- All 41 projects part on the IPCEI are highly ambitious, as they aim at **developing technologies and processes that go beyond what the market currently offers** and will allow major improvements in performance, safety, environmental impact as well as on cost

efficiencies.

- The IPCEI also involves significant technological and financial risks, and **public support is therefore necessary to provide incentives to companies to carry out the investment.**
- Aid to individual companies is limited to what is **necessary, proportionate and does not unduly distort competition.** In particular, the Commission has verified that the total planned maximum aid amounts are in line with the eligible costs of the projects and their funding gaps. Furthermore, if large projects covered by the IPCEI turn out to be very successful, generating extra net revenues, the companies will return part of the aid received to the respective Member State (**claw-back mechanism**).
- The results of the project will be widely shared by participating companies benefitting from the public support with the European scientific community and industry beyond the companies and countries that are part of the ICPEI. As a result, **positive spill-over effects will be generated throughout Europe.**

On this basis, the Commission concluded that **the project is in line with EU State aid rules.**

### **Funding, beneficiaries and amounts**

The IPCEI will involve **41 projects from 35 companies**, including 8 small and medium-sized enterprises ('SMEs') and start-ups, with activities in one or more Member States. The direct participants will closely cooperate with each other through numerous planned collaborations, and with over 300 external partners, such as universities, research organisations and SMEs across Europe.

The timelines of this IPCEI vary in function of the individual projects and the companies involved.

The direct participants, the Member States supporting them and the different technology fields are as follows:

Commission approves up to €5.4 billion support by 15 Member States for an Important Project of Common European Interest (IPCEI) in the **Hydrogen Technology value chain** “IPCEI Hy2Tech”



\*SME

More information on the amount of aid to individual participants will be available in the public version of the Commission's decision once the Commission has agreed with Member States and third parties on any confidential business secrets that need to be removed.

**Background**

The Commission's approval of this IPCEI is part of the wider Commission efforts to support the development of an innovative and sustainable European hydrogen industry.

In 2018, the Commission established the Strategic Forum for IPCEI, a joint body of representatives from Member States and industry. In November 2019, the Strategic Forum published its report and identified, among others, Hydrogen Technologies and Systems as one of several key strategic value chains for Europe. In July 2020, the Commission published its [EU Hydrogen Strategy](#), setting ambitious goals for clean hydrogen production and use, and launched the [European Clean Hydrogen Alliance](#), bringing together the European hydrogen community (industry, civil society, public authorities).

Jointly with the policy priorities set out in the [European Green Deal](#), notably in terms of environmental sustainability as well as the green transition of industry and transport sectors to climate neutrality, these initiatives played an important role for the objectives of the IPCEI Hy2Tech and facilitated the creation of industrial partnerships.

Today's decision is the first IPCEI project approved on the basis of the [2021 State aid IPCEI Communication](#), setting out criteria under which several Member States can support transnational projects of strategic significance for the EU under Article 107(3)(b) of the Treaty on the Functioning of the European Union. The Communication aims at encouraging Member States to support highly innovative projects that make a clear contribution to economic growth, jobs and competitiveness.

The IPCEI Communication complements other State aid rules such as the [Climate, Energy and Environment Aid Guidelines](#), the [General Block Exemption Regulation](#) and the [Research, Development and Innovation \(R&D&I\) Framework](#), which allow supporting innovative projects whilst ensuring that potential competition distortions are limited.

The IPCEI Communication supports investments for R&D&I and first industrial deployment on condition that the projects receiving this funding are highly innovative and do not cover mass production or commercial activities. They also require extensive dissemination and spillover commitments of new knowledge throughout the EU, as well as a detailed competition assessment to minimise any undue distortions in the internal market.

The non-confidential version of the decision will be made available under the case numbers SA.64625 (Austria), SA.64651 (Greece), SA.64642 (Belgium), SA.64644 (Italy), SA.64640 (Czechia), SA.64649 (Netherlands), SA.64633 (Denmark), SA.64626 (Poland), SA.64646 (Estonia), SA.64753 (Portugal), SA.64632 (Finland), SA.64635 (Slovakia), SA.64671 (France), SA.64624 (Spain) and SA.64647 (Germany) in the [State Aid Register](#) on the [competition](#) website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).

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