

IMPORTANT PROJECT OF COMMON EUROPEAN INTEREST (IPCEI) BENEFITS FOR THE PARTICIPANTS

Background: The EU IPCEI process is dedicated to promoting innovative industrial deployment by allowing circumventions of state aid regulations and thereby permitting private-public joint financing. The IPCEI mechanisms permits EU Member States to support transnational projects of strategic significance. These highly innovative projects should contribute to economic growth, jobs and competitiveness. EU State Aid rules makes an exemption for such activities under the framework of IPCEI, but this still requires the approval of the European Commission. The evaluation is being made mainly on individual projects, but the IPCEI approval is made for the package of the projects. Any IPCEI project should prove the existing considerable technological or financial risks for the deployment of the innovation and how this will benefit the companies.

I. WHY AN IPCEI FOR PV MANUFACTURING IS CRITICALLY IMPORTANT?

- Any of the financial support dedicated for PV manufacturing should be approved by the European Commission. **IPCEI could be one of the support instruments to bring necessary financing for the European companies to innovations** to achieve a breakthrough in high-efficiency PV cell production and other innovations in the PV manufacturing value chain.
- **IPCEI could directly** (through approval of the framework and financing) **or indirectly** (discussing and completion of the necessary procedures automatically triggers political attention to the issues of PV manufacturing in Europe) **impact the policy framework for PV manufacturing on the national and EU level, which further could be transferred to other attractive funding instruments**, such as the Recovery and Resilience Facility, the Just Transition Fund, EU State Aid Guidelines, or General Block Exemption Regulation.

II. WHAT ARE THE CONCRETE BENEFITS FOR THE COMPANIES PARTICIPATING IN IPCEI?

- **Safeguarded commitment of the Member States on financing.** During the notification process, Member States should commit to certain concrete levels of financial support, to be dedicated to the specific IPCEI topic and to concrete projects within the Member State.
- **Better conditions for PV innovation industry development and launch of concrete innovation within the company with high technological or financial risks.** In case of a positive proof of the ambitious targets for Research, Development, Innovation, and First Industrial Deployment, companies could benefit from direct financial support up to 100% of a financing gap.
- **For companies joining the IPCEI framework early, the chances are better for individual approval and easier coordination during the process.** For Member States or companies that are joining later an already launched IPCEI, there is a need to prove additionality. Accordingly, the European Commission recommends joining any IPCEI initiative at the beginning.

III. WHY THE IPCEI ON PV INNOVATION AND MANUFACTURING IS MORE REALISTIC NOW THAN EVER BEFORE?

- **The European Commission is currently reviewing the IPCEI guidelines** with a targeted vision to (a) simplify the rules of IPCEI adoption, (b) to expand its applicability to small and medium-sized enterprises and (c) to enhance IPCEI consistency with EU policies, enabling green and digital transformation.
- **The newly updated European Industrial Strategy explicitly supports IPCEIs** with the target to pool public resources in areas where the market alone cannot deliver breakthrough innovation. Additional IPCEIs under current discussion are next-generation cloud, hydrogen, low-carbon industry, pharmaceuticals, and a second IPCEI on semi-conductor microelectronics. PV innovation and manufacturing could be included as a stand-alone IPCEI or as an integral part of another IPCEI, such as hydrogen or low-carbon industry.

IV. CAN SMALL COMPANIES WITH LIMITED BUDGET BE PART OF AN IPCEI?

- **The European Commission is not limiting, but rather promoting the participation of small companies or Small and Medium Enterprises (SMEs) to participate in IPCEIs.** The participation of small companies or entities could even maximize the chances of the PV manufacturing to be awarded the status of an IPCEI. According to the current European Commission, *criteria for the analysis of the compatibility with the internal market of State aid to promote the execution of Important Projects of Common European Interest*, are:

- The European Commission will take a more favourable approach where the project involves important collaborative interactions in terms of number of partners, involvement of organisations of different sectors, or the involvement of undertakings of different sizes.
- The Member States, after forming an IPCEI, and after approval of the State aid shall ensure a certain transparency by the publication of the information about granted State aid on a comprehensive State aid website, at the national or regional level – such requirement can be waived with respect to individual aid awards below EUR 500 000.
- In general, one of the objectives of the ongoing review of the current State aid Guidelines by the European Commission is the general intention to create more favourable conditions for SMEs – accordingly, additional bonuses are planned to be given for SMEs in the State aid clearance process.
- **There are different forms of participation in an IPCEI for the companies**, such as direct participation, external partnerships or collaborations with the participants of the IPCEI. This ensures flexibility in participation in an IPCEI for all companies or entities, including small companies and SMEs – the most appropriate participation form could be selected by the companies itself.

V. EXAMPLES OF IPCEIs:

- **Battery value chain (2019-2031)** – 7 Member States and 17 companies participating, €3.2 billion funding approved, expected an additional €5 billion in private investment. Average dedicated support is €457 million per country.
- **EuBatIn – European Batteries Innovation (2020-2028)** – 12 Member States and 42 companies participating, €2.9 billion funding approved, expected an additional €9 billion in private investment. Average dedicated support is €242 million per country.
- **Microelectronics (2018-2024)** – 4 Member States and 29 companies participating, €1.75 billion funding approved, expected an additional €6 billion in private investment. Average dedicated support is €438 million per country.
- **Hydrogen** – ongoing process, decision expected at the end of 2021.