



SNAM inputs into the Review of the EC Communication on Important Projects of Common European Interest (IPCEI)

We welcome the opportunity to comment on the ongoing review of the Communication on Important Projects of Common European Interest (IPCEI). We set out below some high-level comments, alongside with proposals for amending the wording of the document under consultation.

General comments

The Communication on Important Projects of Common European Interest (IPCEI) of 2014 proved to be highly successful in launching the first IPCEI in areas where the EU is actively pursuing a policy of strategic investment, in line with its energy and climate objectives. With the first hydrogen IPCEI, this review becomes crucial in further contributing to the EU energy and climate objectives under the Green Deal.

We welcome the alignment, reflected in points 4, 5 and 15 of the new Communication, with the EU Green Deal and with the objectives pursued by the Next Generation EU, the Industrial Strategy and the Digital Strategy. We also welcome the provisions aimed at increasing the transparency under point 18, as more opportunities of cooperation can emerge as a result, and those for the inclusiveness of the IPCEI process, in particular those under point 22 where we believe a simplified procedure for SMEs and the provision of the GBER would further facilitate and encourage their participation.

Eligible Costs - Annex:

Annex 25 entails a limitation in the scope of opex and capex support insofar this would be limited to the R&D&I components only. In line with the provisions in point 26, as well as in consistency with the principles underpinning the EU Green Deal, there would be other drivers beyond innovation that would warrant the aid: *“projects must be of great importance for the environmental, climate, energy (including security of energy supply), transport, health or digital strategies of the EU or contribute significantly to the internal market, including, but not limited to those specific sectors”*. Accordingly, we suggest adding a bullet mirroring the provisions in point 26 into the ANNEX:

(i) In case of environmental, energy, transport, health or digital projects that do not classify as neither R&D&I nor first industrial deployment, the capital and operating expenditures (CAPEX and OPEX), as long as the project follows on an activity that is of great importance for the environmental, climate, energy (including security of energy supply), transport, health or digital strategies of the EU or contribute significantly to the internal market, including, but not limited to those specific sectors.

In addition, we further highlight some potential improvements to the text relative to point (a-b-c-f) of the Annex that would help clarifying the perimeter of eligible costs.

a) Feasibility studies, including preparatory technical studies, [FEED, Basic and Detailed design](#) and the costs of obtaining the permissions necessary for the realisation of the project.

b) Costs of instruments, equipment [and materials](#) (including installations and transport vehicles) to the extent and for the period used for the project. If such instruments, equipment [and materials](#) are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of good accounting practice, are considered as eligible.

c) Costs of the acquisition (or construction) of buildings, [test facilities](#), infrastructure and land, to the extent and for the period used for the project. Where these costs are determined with regard to the commercial transfer value or the actually incurred capital costs, as opposed to the depreciation costs, the residual value of the land, building or infrastructure should be deducted from the funding gap, either ex ante or ex post.

f) Personnel and administrative costs (including overheads) directly incurred for the R&D&I activities, including those R&D&I activities related to first industrial deployment, or in the case of an infrastructure project, incurred during the construction [and operation](#) of the infrastructure.

Cross-border dimension of projects

§17. The cross-border dimension of the projects is a key dimension underpinning IPCEI as a whole. However, in the case of hydrogen, a strict interpretation of the condition that *“benefits must not be confined to the financing Member States, but extend to a wide part of the EU”* may be at odds with the delivery of the *“environmental, climate, energy strategies of the EU”*. In fact, the requirement would likely hinder the delivery of the



Hydrogen Backbone project¹, as it would be arguably difficult to prove that the benefits stemming from the first hydrogen clusters would have a cross-border impact (not to mention the requirement associated with benefits applying to a wide part of the EU). The development of clusters represent the first milestone of the H2 backbone projects and ruling them out would ultimately undermine the overarching objective of timely decarbonizing the EU energy systems.

To address this issue, we propose the following rephrasing:

Unless a smaller number is justified by the nature of the project, the project must involve at least four Member States and its benefits must not be confined to the financing Member States, but extend to a wide part of the EU. The benefits of the project must be clearly defined in a concrete and identifiable manner. [Benefits could encompass the project contribution to achieving the environmental, climate, energy \(including security of energy supply\), transport, health or digital strategies of the EU or to the delivery of the internal market.](#)

Transparency and knowledge-sharing

§18. In relation to this point, we note that it may be beneficial to set up a common European platform for knowledge sharing among the various participants as well as an evaluation tool for matchmaking in order to synergistically define the value chains of the various member states and increase the co-participation of MS.

First Industrial Deployment and Commercial Activities

§25 In relation to the definition of first industrial deployment, the constraint in relation to commercial activities seem too restrictive. In relation to hydrogen and power to gas (PTG) facilities, there is great scope to learn from the potential of allowing PTG participation into the electricity ancillary markets in terms of sector coupling. Restricting the scope of the allowed commercial activities to “limited atypical sales related to the testing phase, including sample or feedback or certification sales” carries the risk of pre-empting the opportunity to make the most of sector coupling. To address this aspect, we propose the following amended wording in point 22:

¹ [Publications - Gas for Climate 2050](#)



Limited atypical sales related to the testing phase, including sample or feedback or certification sales, are excluded from the notion of “commercial activities”. [All those activities that are functional to the development of sector coupling solutions, both from a regulatory and market design evolution perspective, are also excluded from the notion of “commercial activities” for the purposes of this Communication.](#)

Size of electrolyzers

§27 In line with the comments around hydrogen clusters made for point 17, we believe that point 27 should be adapted accordingly as to envisage the inclusion of electrolyzers of limited scale, insofar they would be relevant to the development of hydrogen clusters and, in turn, to the delivery of the Hydrogen Backbone project. We propose either removing the requirement around “importance in size”, or amending the wording as follows:

In order to qualify as an IPCEI, a project must be important quantitatively or qualitatively. It should be particularly **important in size** or scope and/or imply a very considerable level of technological or financial risk [and/or be functional to achieving the environmental, climate, energy \(including security of energy supply\), transport, health or digital strategies of the EU or to the delivery of the internal market.](#)

Claw-back mechanism

§37 claw-back mechanism We believe that the approach taken for the IPCEI batteries – eg. having the mechanism to apply only to projects above 50MEUR– would ensure proportionality and, at the same time, allow the possibility, already contemplated in the proposal, for Member States to implement additional or stricter mechanisms.