

French Industrial Decarbonisation Tender

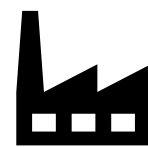
Tender DECARB IND+ by ADEME (due Dec 2023)

August 2023

3 key pillars for the participation to French State subsidies tender DECARB IND+

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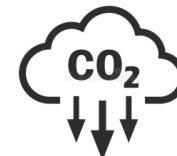
DECARB IND+ Tender – 3 key pillars



Scope

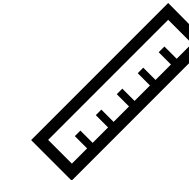
Decarbonisation of **industrial site(s)** through

- Energy efficiency, *and/or*
- Electrification, *and/or*
- **Use of green* H2****, *and/or*
- **Use of green H2 derivatives**



Decarbonisation

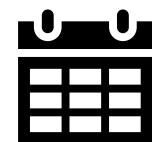
- **40% reduction in GHG** (Scope 1) compared to last 5 years, *or*
- **20% reduction in energy consumption**



Size

- Project cost > €50M
- €30M < Subsidy request < €200M

N.B. if subsidy request < €30M, project redirected to another tender program (DECARB IND)



Tender calendar

June 23, 2023

Round 1 RFP
Issuance

December 12, 2023

Deadline for Round 1
bid submission

Between 2024 and 2026

Other tender rounds



Granting authority



ADEME - The French
Agency for Ecological
Transition

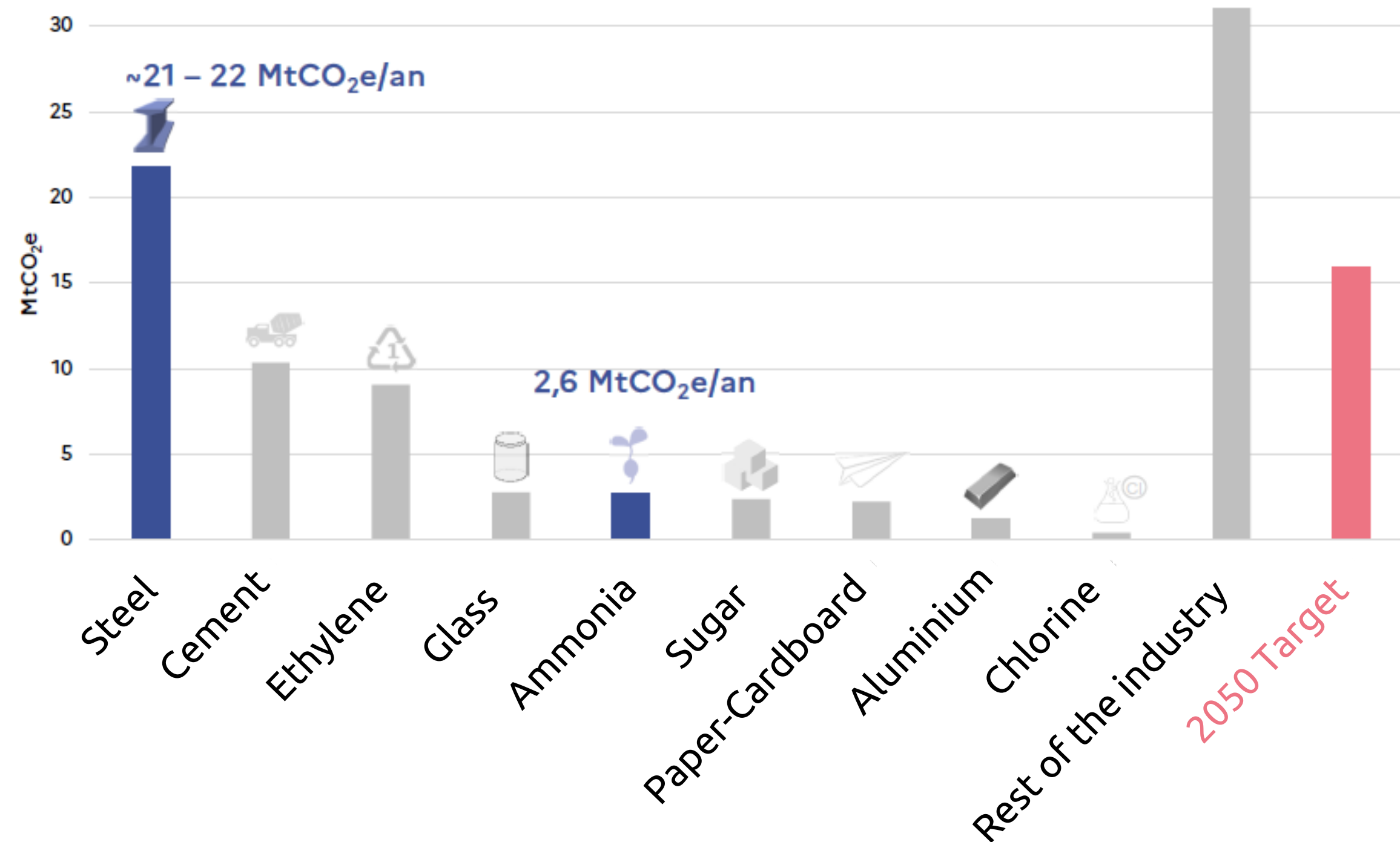
From previous publications from ADEME, we can infer the 9 priority sectors targeted by this tender

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Direct GHG emissions from the industry in 2015

9 sectors
Most energy intensive

~60-65%
of French GHG
emissions from the
industry



* Source: 'Décarboner l'industrie de l'acier et de l'ammoniac à 2050 : Restitution finale des deux Plans de Transition Sectoriels' – 27 juin 2023

Subsidy can reach 60% of eligible project costs, and will be disbursed in several installments

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The subsidy request cannot exceed

€200 mn

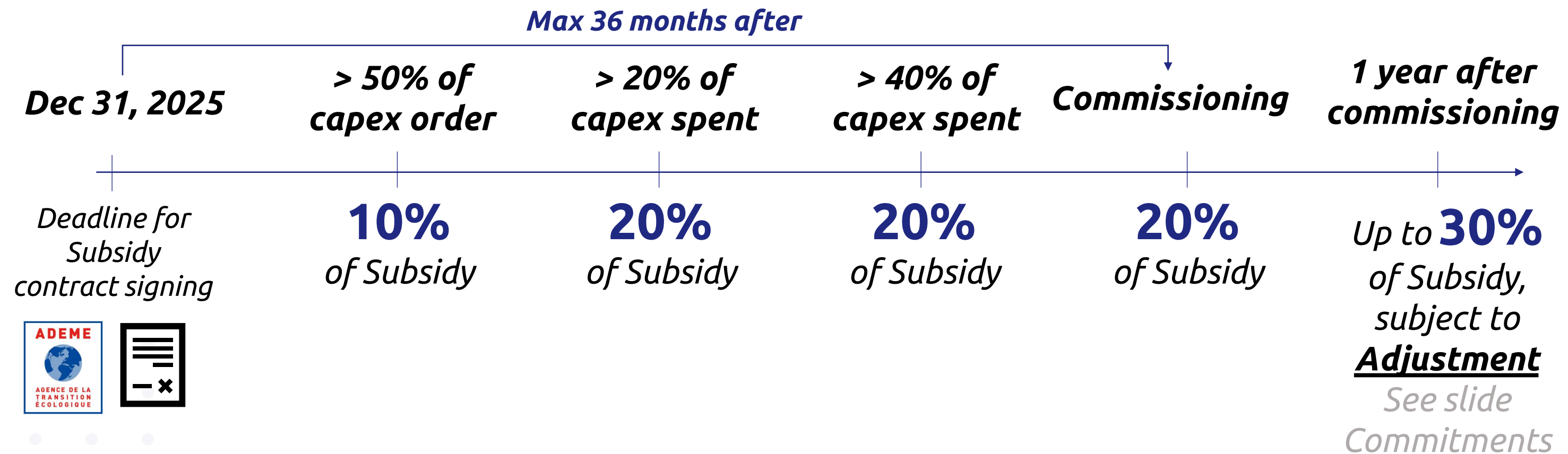
and

60% of 'eligible project costs'
being defined as expenses directly linked to GHG reduction effort (e.g. land acquisition and spare parts excluded)

and

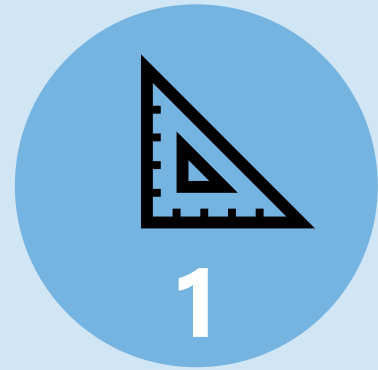
The level of subsidy making the
NPV > 0
with
WACC = 12%

Subsidy disbursement



The Bid will be composed of 3 main files

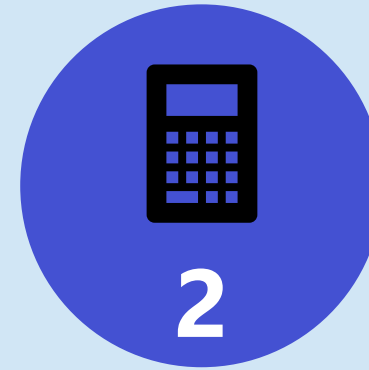
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'Volet Technique' (VT File)

Word document (max 30 pages)

- Technical description
- Timeline
- Financing strategy
- GHG emissions in the last 5 years
- GHG emissions avoidance
- Main project assumptions
- Energy consumption
- KPIs for measurement and verification of the GHG avoidance target



'Volet Technico-Financier' (VTF File)

Excel File

- Financial statements
- Level of Subsidy (ADEME, and other grants)
- Project intended Financing Plan
- Energy consumption before/after Project
- GHG emissions before/after Project
- Do No Significant Harm questionnaire
- Amount of *Certificats d'Economie d'Energie* (CEE)
- Contribution to SDGs and socio-economic impact KPIs



'Plan d'affaires'

Excel File

- Financial Model at Project level (breakdown of debt/equity not required)

** The ACT Assessment can be submitted 3 months after bid submission. Bidders can apply for ADEME funding for the costs associated with performance of the ACT Assessment*

Bidders will be ranked on the basis of 3 criteria

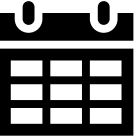
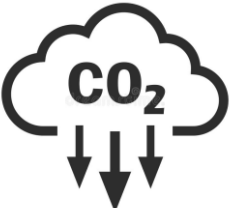
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$$N = N1 + (N2A \times N2B) \quad \text{Grade from 0 to 100}$$

	(N1) Subsidy efficiency	(N2A) Technological Ambition	(N2B) Decarbonisation effort
Points	Up to 70	Up to 5	Up to 6
Objective	Most efficient decarbonisation subsidy (in any case, below €170/tCO ₂ eq avoided)	Use of the best technologies to ensure French industrial GHG reduction target (-81% vs 2015)	Compliance with the site/company/group decarbonization targets
Formula	$N1 = 70 * (1 - S / 170)$ Where S = $\frac{\text{Subsidy request (in €)}}{\text{GHG avoidance over 20 years (in tCO}_2\text{eq)}}$	• 1 point for use of mature techno only • 3 points for use of a minority (in capex terms) of 'key techno' • 5 points for use of a majority (in capex terms) of 'key techno'	• 1 point for marginal GHG reduction • 3 points for GHG reduction < 50% • 6 points for GHG reduction > 50%
Demo by bidder	Detailed decarbonisation plan in VTF file	CAPEX breakdown in VTF file + demonstration of 'key techno' criteria in VT file	GHG avoidance plan (including ACT assessment) in the VT file
Comment	<i>GHG avoidance potential used in N1 calculation will be the lesser of (i) value provided by bidder and (ii) value calculated by ADEME. A +20% gap between the two could lead to bid disqualification</i>	<i>The notion of 'key techno' can be demonstrated by the bidder as a technology crucial for the decarbonisation of a particular sector</i>	<i>GHG reduction (Scope 1 and 2) can be assessed at the level of the site, the company or the group depending on the scope of the Project</i>

Bidders will need to take 5 key commitments

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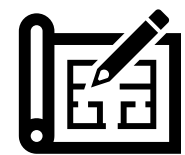
	Commitment	Penalty in case of non-compliance	Collateral
	Subsidy contract to be signed by December 31, 2025 and commissioning to occur within 36 months of Subsidy contract signing	5% of the Subsidy per year of delay in commissioning	30% Subsidy retention by ADEME Bank guarantee can be required by ADEME depending on assessment of Bidder's financial capability
	GHG reduction target of [x] tCO2e/year during 20 years, at same level of industrial production	Subsidy to be reduced pro-rata the % of actual GHG reduction rate compared with bidder's commitment	
	Bidder will not apply for more Certificat d'Economie d'Energie than the amount disclosed at bid submission	Reimbursement of the Subsidy	
	Bidder to communicate training plan for its staff regarding decarbonisation technologies	Reimbursement of the Subsidy	
	Ability for ADEME to communicate on the Project (no IP breach) and Bidder agrees to communicate on state Subsidy	Reimbursement of the Subsidy	

* See definition of Temporal Corelation and Geographical Correlation and Additionality in annex

Conclusion: A high level of technical maturity expected at bid submission, but no advanced development status required

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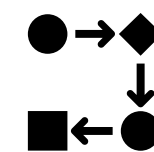
Requirements at bid submission (Dec 12, 2023)



Level of technical maturity expected **HIGH**

ADEME expects

- **[Offtake]** Name and location of the industrial site
- **[Technology]** Final selection executed
- **[Equipment]** Detailed performance data
- **[OEMs]** Quotes and envisaged names
- **[GHG]** Decarbonisation plan for 2030 and 2050 & [ACT Assessment*](#)
- **[E&S]** Demonstration of the compliance with the Do No Significant Harm concept



Development status **EARLY-STAGE**

ADEME does not ask for

- **[Feedstock]** Source of renewable energy
- **[Site]** Location of the electrolyser
- **[Permitting]** Permits, environmental impact assessment
- **[Financing]** Letter of Interest from banks

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