Innovation Fund 2026

Funding Opportunities for Geothermal Energy

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European Commission

Deploying innovative net-zero technologies for climate neutrality



€40 billion* available between 2020-2030



grants awarded through regular calls and auctions



avoid GHG emissions, boost competitiveness

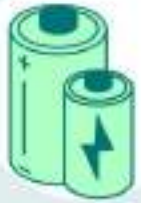
supporting innovation in:



Energy-intensive industries



Renewable energy



Energy storage



Industrial carbon management



Net-zero mobility and buildings

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INNOVATION FUND
Funded by the EU Emissions Trading System

**based on a carbon price of €75/tonne*

Current Innovation Fund Projects

ITALY · OSTELLATO

GESIIS

Geothermal Energy and Innovative Integrated System (thermal energy storage, heat pump) for hydroponic greenhouse



€31.05M
Innovation Fund grant

~2,500 m
depth

GERMANY · GERETSRIED

Eavor-Loop Geretsried

First of its kind commercial scale implementation of an innovative closed-loop geothermal technology (8.2 MW electrical, 64 MW thermal)



€91.6M
Innovation Fund grant

4,500 m
depth

Innovation Fund 2026 Calls

TARGET

	First/Second-of-a-Kind	Next-of-a-Kind
SMEs	IF26 SME	
Maritime	IF26 Maritime	
Hydrogen		IF26 Hydrogen Auction
Industry		IF26 Heat Auction
Other Eligible		

IF26 NZT Call*

- Large scale
- Medium/Small scale
- Manufacturing
- Pilots

Projects eligible to the SME, Maritime or Hydrogen auction calls must apply to these calls and not the NZT call

IF26 SME Call

SME Call

Who Can Apply

All consortium members must be SMEs

SME Definition:

<250 staff | turnover ≤ €50m or balance sheet ≤ €43m

Project CAPEX €2.5m – €20m

Call Designed for SMEs

Simpler application and fewer annexes

Simplified GHG calculator

Innovation assessed at national or European level

Higher innovation risk premium to reflect SME circumstances

How the Call is Simplified

Cut-Off Date 1:

December 2026: Call publication

End of March 2027: Deadline for applications

Cut-Off Date 2:

April 2026: Call publication

September 2027: Deadline for applications

IF26 Heat Auction

A Critical Priority

75%

of EU industrial emissions come from process heat

Support Energy and Technology Independence

Simultaneously supporting **Energy Independence**, the **Green Transition** of Energy Intensive Industries and **EU cleantech manufacturing capacity and economic security**.

Primary Pathways

Electrification is the primary route to widespread industrial decarbonisation.

Support Both Tracks

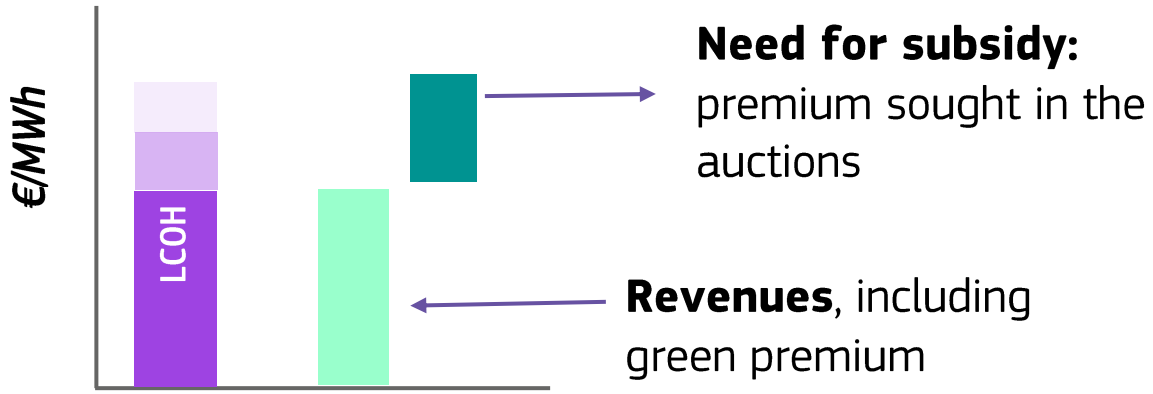
Roll out mature technologies at a scale as a pilot for the Industrial Decarbonisation Bank while boosting deployment of innovative, emerging solutions.

Efficient Instrument

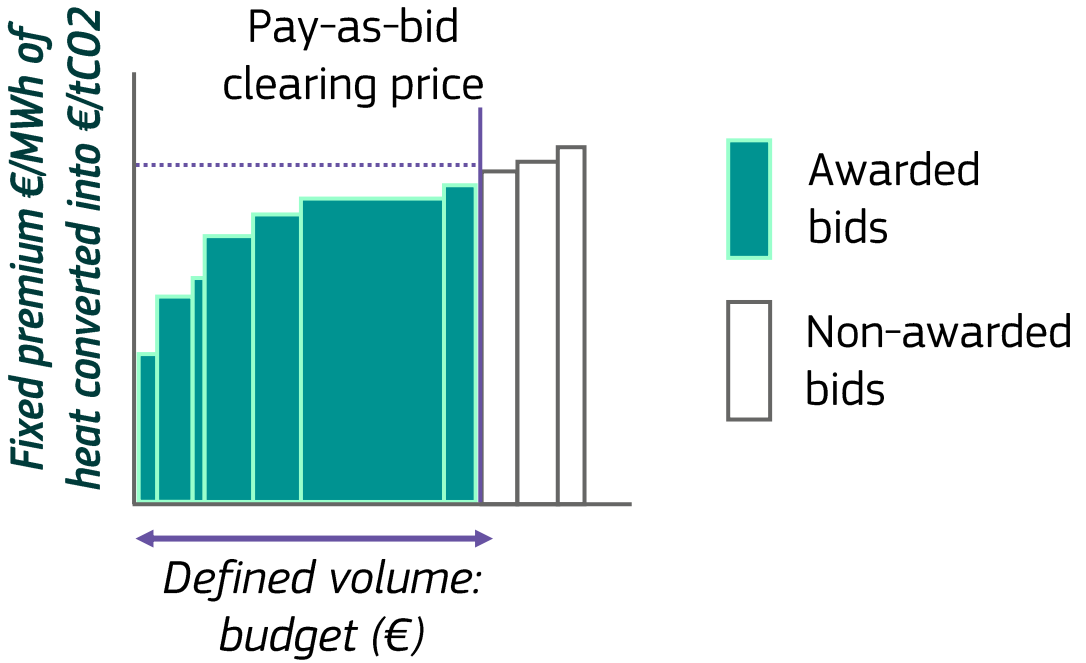
Enable price-discovery through a cost-efficient and admin-light market mechanism.

Auction Design: Bid ranking

Fixed-premium auction



Bids ranked on price only
MWh of heat are converted into tCO_2



Main Eligibility requirements

Technology/ applications	• **Industrial process heat electrification technologies** (e.g. heat pumps, electric boilers, resistance heating, induction heating, smelters, melters, ovens, shockwave heating, plasma torches) or **direct renewable heat technologies** (e.g. solar-thermal or geothermal) or **Nuclear SMR heat** or **combination of the above.** • Heat production for **space heating** or sale to **district heating not eligible** • Only heat production for **Industry** is eligible (not commercial, electricity generation, residential, etc)
Installation	• **No new installation of fossil fuel-fired capacity** at the same site (except in specific cases – e.g. glass furnaces and then only the non fossil heat is eligible for support) • Heat pumps can reuse **waste heat from (existing) industrial processes, nuclear power generation, data centers** - but not from other power generation, district heating, waste incineration. • The project must be new thermal capacity (start of works did not take place at the time of application). Noting the grid connection is not considered start of works.
Min and Max Project Size and Grant	• Maximum grant amount per bid: € 100 million (low/medium temperature topics) • Maximum grant amount per bid: € 250 million (high temperature topics) • Minimum € 2.5 million project CAPEX • Minimum heat production capacities apply (3 MW – high/medium, 5MW – low temperature topic) • Ceiling Price: €400/tCO2 (low/medium), €800/tCO2 (high temperature topic). Applied after bid bonus.

Bid definition

Project Input:

€/MWh

0.224 tCO2/MWh

Automatic conversion with the **emissions factor** of natural gas (assumed 90% efficiency

Bid: €/tCO_2

-25%

For projects qualifying for the bid bonus

Bid for Ranking Purposes €/tCO_2

Auction Topics

Low Temperature

- € 100 Million Budget
- 80-100ºC
- >= 5 MW_{th}
- €100 Million max bid
- Ceiling Price €400/tCO2
- Only HPs, Nuclear Heat or Direct Renewables

Medium Temperature

- € 600 Million Budget
- 100-400ºC
- >= 3 $MWth_{th}$
- €100 Million max bid
- Ceiling Price €400/tCO2
- All eligible technologies

High Temperature

- € 300 Million Budget
- >400ºC
- >=3 $MWth_{th}$
- €250 Million max bid
- Ceiling Price €800/tCO2
- All eligible technologies

Bid Bonus: Indirect Emissions

Indirect emissions from electricity generation are not considered in the project emissions savings (e.g. the project emissions for all bids are considered zero.

However, a 25% bid bonus (reduction in bid for ranking purposes only) will apply to projects with lower indirect emissions:

1. New electricity or thermal storage for the purpose of the project sufficient to replace the project's electricity consumption from the grid or the heat demand of the process by 20%, for duration of 4h and active within 1h. Onsite or offsite storage is acceptable; or

2. Heat pump(s) with Coefficient of Performance (COP) of at least 1.5; or

3. **Direct renewable heat (geothermal or solar thermal)** or nuclear heat

Timeline

Grant Agreement

- Completion guarantee: 6% of maximum grant amount.
- Letter of Intent from an eligible bank or financial institution required at application.
- Completion guarantee within 2 months after receiving evaluation result.

Financial Close

- Project should be able to demonstrate that all contracts are signed and conditions in them fulfilled
- Maximum 2.5 years after signing grant agreement.

Entry into Operation

- Project should be able to demonstrate as operational a nameplate thermal capacity and eligible temperature levels for its production unit of at least 100% of that expressed in the bid
- Maximum 5 years after signing grant agreement.

Reporting/Payments

- Bid information
- Annual reports until EiO
- After EiO annual payments (except for SMEs who can request 6 monthly)
- End of Project: DNSH compliance report.

Clarifications?



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Thank you

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