

Draft Commission Decision Establishing the Battery Booster Facility

INTRODUCTION

Establishes the **Battery Booster Facility** as a 2026 financial instrument under the Innovation Fund to support electric vehicle (EV) battery cell production in the **ramp-up phase**.

Budget:

- EUR 1.5 billion (2026).
- Financed through ETS auction revenues allocated to the Innovation Fund.

Objective:

- De-risk and accelerate first full commercial-scale EV battery cell production facilities in the EEA during their ramp-up phase.
- Strengthen EU industrial resilience and supply chain autonomy.

FORM OF SUPPORT

Provided as **interest-free loans**.

Can be combined with other EU or national support, provided total public support does not exceed eligible costs.

Maximum support:

- Up to 60% of eligible costs.
- Capped at EUR 500 million per recipient.

Loan conditions:

- Maximum tenor of 8 years.
- Repayment begins at ramp-up completion or 36 months after signature (whichever comes first).
- Equal annual repayments over 5 years.
- Subordinated to senior lenders.
- 10% penalty if production relocates outside the EEA within 12 months of cessation.
- Disbursement based on agreed milestones.

ELIGIBLE PROJECTS & ENTITIES

Applicants must be established in the **EEA**.

Production site must:

- Be located in the EEA.
- Have at least 10 GWh nameplate capacity.
- Be in ramp-up phase at the time of call opening.
- Represent the first global full commercial-scale EV battery cell production of the applicant (and related entities).

Ramp-up phase defined as the transition from production part approval to:

- 90% nameplate capacity,
- Stable operations,
- Sufficient yield,
- Compliance with off-take requirements.

ELIGIBLE COSTS

Limited strictly to costs incurred:

- During the ramp-up phase.
- From call opening to 36 months after loan signature.

May include:

- Personnel.
- Materials, energy, supplies.
- Contracted works.
- Capital expenditure at the production site.

Excludes:

- Repayment of other loans.
- Dividends, bonuses, share buybacks, or similar financial distributions.

SELECTION & AWARD PROCESS

Open call for proposals managed by the Commission.

Applicants must demonstrate:

- Suboptimal investment situation.
- Economic viability.
- Operational capacity.
- That private financing exceeds the Union contribution.
- No crowding-out of other funding sources.

Award criteria (simplified compared to Innovation Fund criteria):

- Financial maturity and repayment capacity.
- Technical maturity and credible implementation plan.
- Contribution to European industrial resilience, including:
 - Supply chain security.
 - Critical raw materials considerations.
 - IP and innovation ecosystem engagement.
 - Skilled workforce development.
 - Support to downstream sectors (e.g. automotive).

Proposals ranked and funded within available budget.

GOVERNANCE & SAFEGUARDS

Loan agreements define:

- Reporting, audit and anti-fraud provisions.
- Protection of the Union's financial interests.
- Visibility obligations for EU funding.

The Commission monitors implementation and reports annually to Member States through the Innovation Fund reporting framework.

Loan repayments accrue exclusively to the Innovation Fund.

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