

State aid rules for Important Projects of Common European Interest (IPCEIs)

European Industrial Alliance on SMRs

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DG COMP

Overview

1. State aid rules on Important Project of European Common Interest (IPCEI)
2. Considerations for SMRS and the IPCEI on innovative nuclear technologies (IPCEI INT)

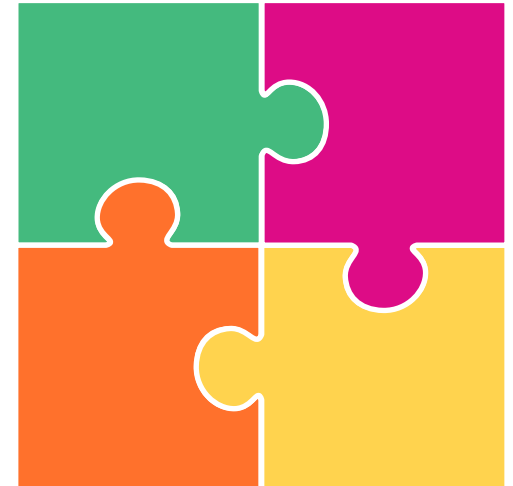


State aid rules on Important Project of European Common Interest (IPCEI)



What is an IPCEI?

- **Integrated project**, composed of **individual projects** that are integrated under an overall structure, are complementary and necessary for the achievement of an important European objective, to which each individual project significantly contribute
- Scope: **RDI activities including ‘first industrial deployment’** or (third-party open) **infrastructure in key sectors** such as energy, transport, digital
- **In principle, each MS funds its own projects => State aid rules apply**
 - ✓ MS are in the driving seat
 - ✓ IPCEIs are notified for assessment and approval by the EC
 - ✓ Cumulation with EU funds is possible, subject to certain conditions
- **Legal basis:**
 - **Article 107(3)(b) TFEU** provides that State aid to promote the execution of Important projects of common European interest (“IPCEI”) may be considered to be compatible with the internal market (**technological neutrality**)
 - EC adopted its **IPCEI Communication in 2014** and **updated in 2021**, setting out its scope & how it would assess State aid



Dedicated IPCEI website: [link](#)

IPCEIs achievements

- Increasing popularity, contributing to EU **industrial strategy** and twin transition
- So far, **11 integrated IPCEIs approved**, in five strategic value chains (microelectronics, batteries, hydrogen, cloud and edge computing and health)
- In total, **345 projects** across **23 Member States** for a total amount of **€ 104 billion in public funding and private investments**
- Strongly rising share of **SMEs**, also as indirect and associated partners as part of the ecosystem
- Detailed support for MS and high transparency over the whole life cycle of IPCEIs (through **JEF-IPCEI**, **IPCEI Design Support Hub** and templates)

Approved Integrated Important Projects of Common European Interest (IPCEI)

	Participating companies	Participating projects	State aid approved (EUR billion)	Expected private investments (EUR billion)	Participating Member States
First IPCEI on Microelectronics (2018)	29	43	1,9	6,5	
First IPCEI on Batteries (2019)	17	23	3,2	5	
Second IPCEI on Batteries - EuBatIn (2021)	42	46	2,9	9	
First Hydrogen IPCEI - Hy2Tech (2022)	35	41	5,4	8,8	
Second Hydrogen IPCEI - Hy2Use (2022)	29	35	5,2	7	
Second IPCEI on Microelectronics and Communication Technologies (2023)	56	68	8,1	13,7	
IPCEI on Next Generation Cloud Infrastructure and Services (2023)	19	19	1,2	1,4	
Third Hydrogen IPCEI - Hy2Infra (2024)	32	33	6,9	5,4	
Fourth Hydrogen IPCEI - Hy2Move (2024)	11	13	1,4	3,3	
IPCEI Med4Cure (2024)	13	14	1	5,9	
IPCEI Tech4Cure (2025)	10	10	0,4	0,8	
Total	293 257*	345	37,6	66,8	23 Member States, UK and Norway participated in at least one IPCEI

*Excluding the companies that participated in more than one IPCEI

Benefits from participating in an IPCEI



- IPCEI projects may receive **funding according to their specific needs:**

- ✓ up to 100% of funding gap or eligible costs (whichever lower)



- The project becomes part of a **European ecosystem:**

- ✓ group of innovative companies
- ✓ big and small players (including many SMEs), across the EU
- ✓ network, collaborations, know-how, joint developments, new business opportunities



- If approved, the project gets **a quality label** through EU scrutiny **and the company visibility as innovative – mentioned in EC communication on the project**

- ✓ can help finding further funding or investment opportunities for the subsequent mass production

Overview of the assessment criteria for RDI/FID

General cumulative criteria

Eligibility (of IPCEI)

- Important contribution to EU's objectives or strategies
- Single or integrated project
- Minimum **4 MS** but chance for all to participate
- For each individual project:
 - Effective **cross-border** collaboration
 - Overcome important **market failures**
 - Generating **positive spillover** effects across the EU
 - **Own contribution** of participants
 - Compliance with **DNSH** principle

Specific criteria

Major innovative nature (RDI)
going beyond state-of-the-art in the sector concerned

and/or

First Industrial Deployment (FID) to ensure that the innovative product/service and /or process is mass production ready

Compatibility (of individual aid)

- **Necessity** of aid (project impossible without it)
- **Proportionality** (aid is limited to minimum)
- Limited **distortions of competition**



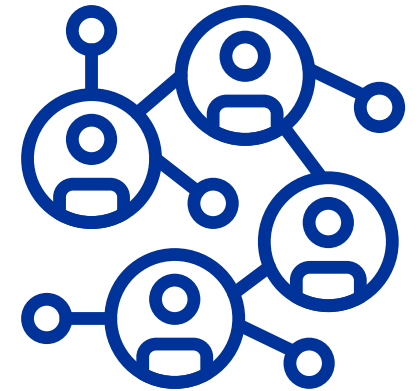
Focus: innovativeness

- **RDI** project: major innovative nature or of important added value in light of the **state of the art** in the sector
- **First Industrial Deployment (FID)**
 - ✓ Deployment of a new product/service or production process with high **R&D&I content**
 - ✓ **Upscaling** of pilot facilities, demonstration plants or of the first-in-kind equipment,
 - ✓ Follows on from previous RDI activity (possibly from another entity) and itself contains important RDI activities necessary for the success of the project
 - ✓ FID phase **ends** when **mass production** or **commercial activities** can be started
- Innovativeness verified by EC experts – **full confidentiality** of information!

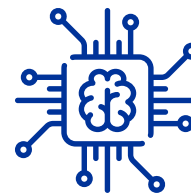


Focus: cross-border collaborations

- In the framework of an IPCEI, companies must engage in cross-border collaborations
- Each direct participant (company receiving State aid under the IPCEI) must engage in **at least one** collaboration with direct participant from another Member State. For large companies/projects more collaborations are required
- Collaborations to exchange knowledge or technology or to achieve a **common objective** where the parties **jointly define the scope** of the collaborative project, contribute to its implementation **and share** its risks, as well as its results.
 - *Contractual research* (i.e. performance of a research service or sub-contracting) or supplier/client relationship does **not** qualify as 'cross-border collaboration'.
- Member States with support from EC will organise one or more '**match-making sessions**' gathering all interested companies



Focus: spillover effects



The benefits of the project must be of wider relevance and application to the economy or society in the Union, beyond the beneficiary and its sector

Spillover types (indicative list)

For non-IP-protected results (e.g.: organizing industry workshops, publications, and conferences)

For results protected by IP (licensing on fair, reasonable and non-discriminatory (FRAND) terms)

For results achieved during FID (e.g. collaborations with research organizations for validation of results, access to facilities)

Spillover conditions

Costs paid by the company and not financed by the State aid

SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound)

Beyond «the business as usual», IPCEI participating MS, beneficiaries and sector concerned

Two types of participation in the IPCEI

	Direct Participant (DP)	Associated Partner (AP)
Legal basis for State aid	IPCEI Communication	Typically General Block Exemption Regulation (GBER)
Approved by	Commission decision (all projects together)	By national authorities
Scope of project	• RDI/FID activities • High innovation threshold: major innovative results going beyond the state of the art in the sector concerned	• Industrial research • Experimental development • Applied research
Maximum aid	As determined per funding gap, up to 100% of eligible costs.	Between 50% - 80% of eligible costs. Absolute cap of EUR 50 million.
Collaborations	Cross-border effective collaborations with other DP and AP	• SME: at least 2 cross-border effective collaborations • Large enterprise: at least 3 cross-border effective collaborations
Spillover effects	Commitments for spillovers beyond participating MS and the usual business practice • Dissemination of non-IP-protected results, • Licensing of IP-protected results at FRAND terms, • Access to facilities to third parties, o • Other specific commitments	Commitment for: • Dissemination of non-IP-protected results in at least 3 MS or • Licensing of IP-protected results without delay at FRAND terms
Other requirements	• Address identified market failure • No or limited competition distortions (market position) • Important co-financing by the beneficiary	Private contribution to cover project's costs beyond the aid
IPCEI Ecosystem	Match-making, governance, visibility in website, press material, etc	

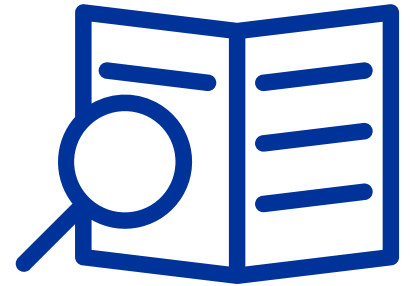
The IPCEI candidate on innovative nuclear technologies

- **Scope:** innovative technologies and activities essential to strengthen Europe's nuclear supply chain, including fission and fusion technologies, and non-power application (production of medical radio-isotopes)
- **Endorsed** during the JEF-IPCEI High-Level Meeting on April 9th 2025, by 13 Member States
- **Start of the design phase** in May 2025, co-led by France, Italy and Romania and with the help of the European Commission via the IPCEI Design Support Hub
- The design phase –currently on going- includes **several steps** until the assessment phase:
 - Detailing the IPCEI: finalise scoping, pre-define possible workstreams, create objectives identify market failures to address
 - Preparing the content of the national call for expression of interest
 - Exploring financing options
 - Organising Matchmaking event(s)
 - Preparing individual portfolios
 - Drafting the Chapeau text (the document explaining the IPCEI)



Other State aid frameworks for supporting the nuclear sector

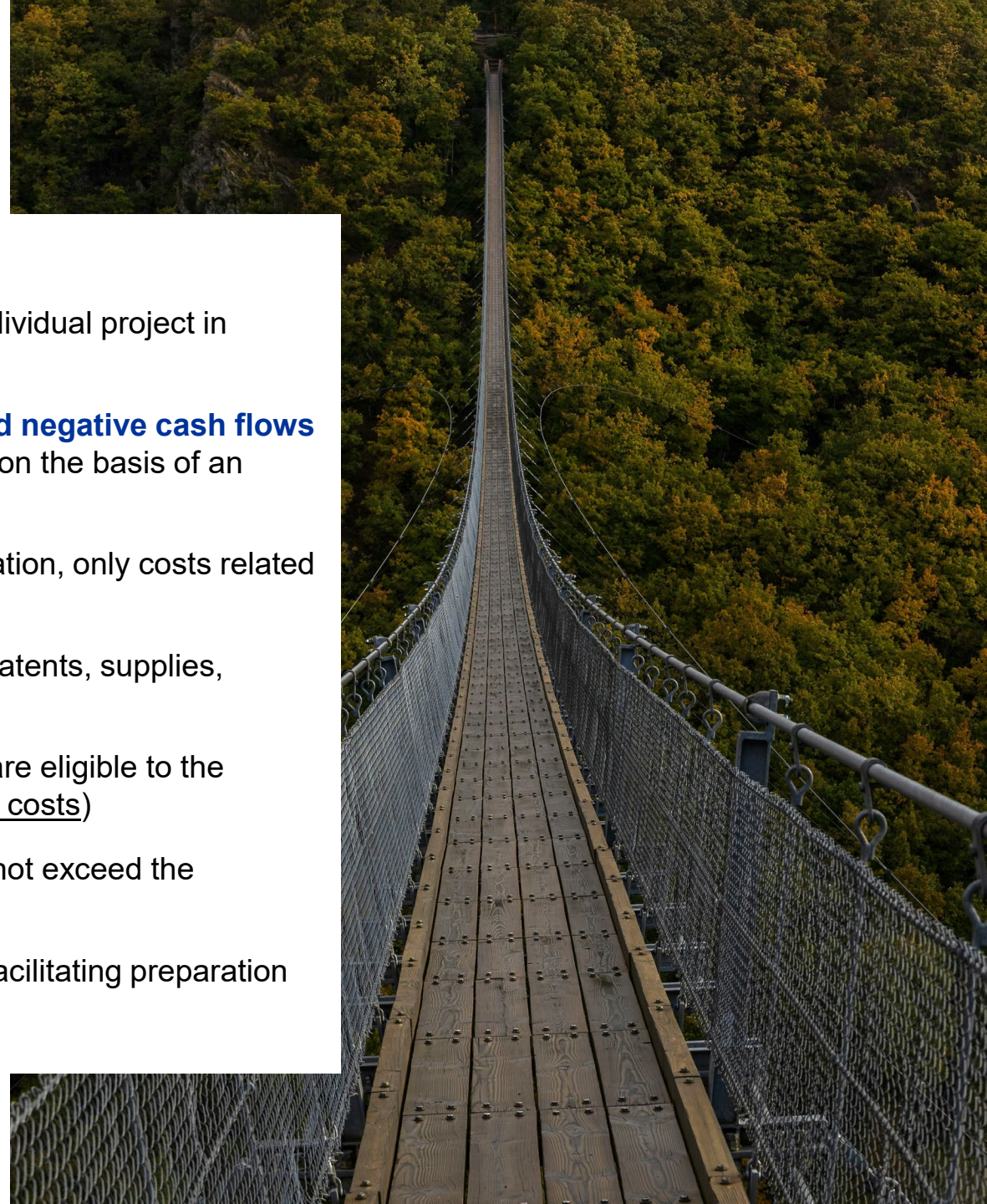
- **Art. 107(3)(c) TFEU** (case by case assessment) for aid to construct, modernise, expand nuclear power stations or for de-commissioning
- General Block Exemption Regulation (**GBER**) (651/2014), articles from 25 to 29 for R&D activities up to TRL8 (up to 35M)
- Framework for State aid for research and development and innovation (**RDIF**) (2022/C 414/01) for higher aid amounts.
- Clean Industrial Deal State Aid Framework (**CISAF**) (C/2025/3602)



Considerations for SMRS and the IPCEI on innovative nuclear technologies (IPCEI INT)

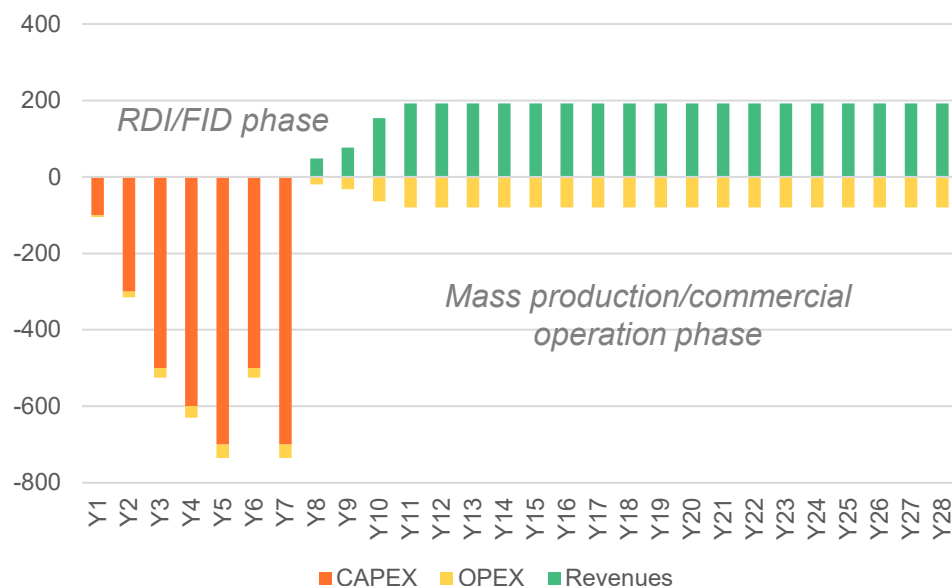
Focus: funding gap

- The **maximum aid** permitted is determined by the funding gap of the individual project in relation to its eligible costs
 - ✓ The funding gap refers to the **difference between the positive and negative cash flows over the lifetime of the project**, discounted to their present value on the basis of an appropriate discount factor (i.e. the company's WACC)
 - ✓ The eligible costs are set out in the Annex to the IPCEI Communication, only costs related to **R&D/FID** activities are eligible (i.e. not mass production)
 - RDI direct costs are fully eligible: feasibility studies, permits, patents, supplies, contractual research, personnel costs.
 - Cost of instruments, equipment, buildings, and infrastructure are eligible to the extent and for the period used for the project (i.e. depreciation costs)
- The discounted value of the State aid disbursements for a project must not exceed the approved funding gap
- A **Funding gap template for R&D/FID projects (Excel file)**, aimed at facilitating preparation and assessment, is available on DG COMP's website



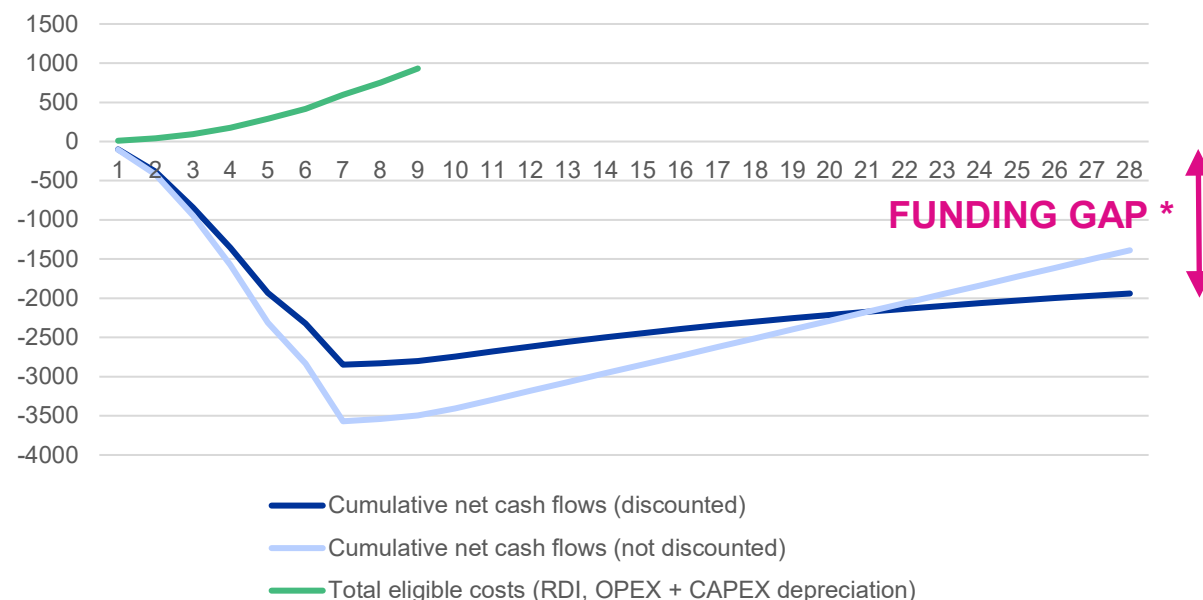
Example: FID of SMRs

Example project business plan*



- FID of SMRs expected to be capital intensive
- Relatively low OPEX, but LCOE > market prices
- Eligible costs RDI/FID
 - R&D expenditure and OPEX: 100%
 - CAPEX: only depreciation during RDI/FID phase.

Cumulative cash flows and funding gap



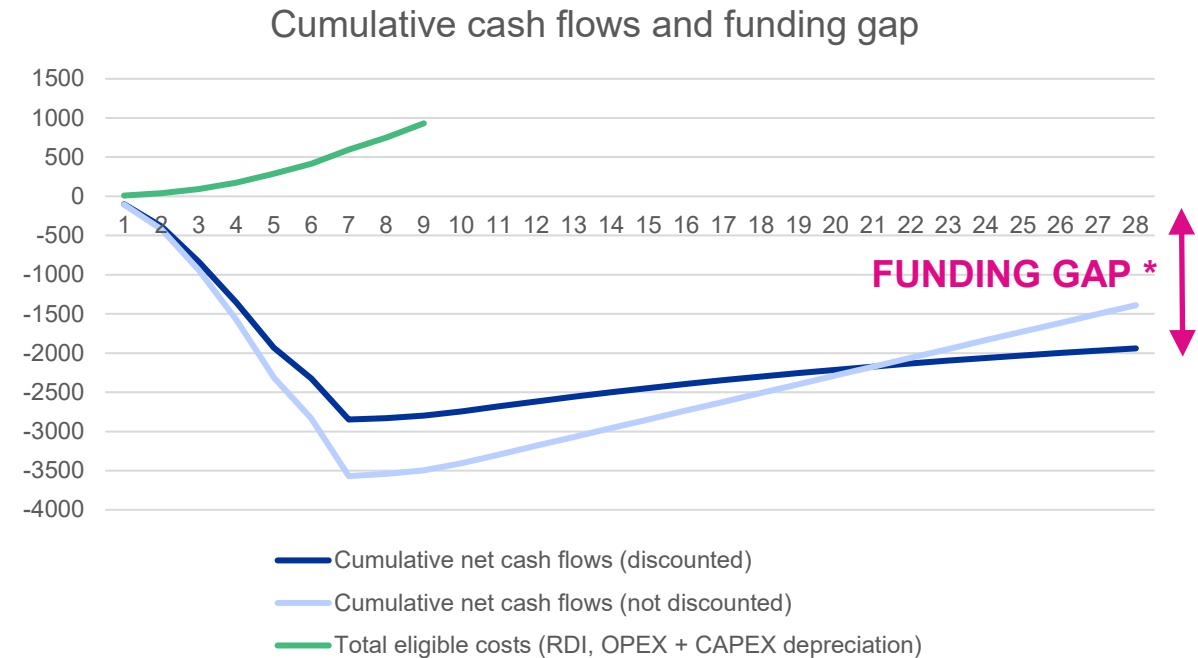
- Funding gap is the difference between discounted positive and negative cash flows over the lifetime of the project
- IPCEI aid = min (funding gap, eligible costs).
- Funding gap could be significantly above eligible costs.
- If projects require long-term price support (such as CfD): this not possible under the IPCEI. For efficiency, Member States are advised to consider a single notification of such projects directly under the Treaty

*The example is not intended to be an accurate representation of an SMR project



Example. SMR manufacturing

- FID of **SMR (or SMR components) manufacturing facilities** can be in scope.
- FID limitations apply in terms of eligible costs:
 - RDI expenditure and OPEX: 100%
 - CAPEX: only depreciation during RDI/FID phase
- Revenues will be linked to the sale of SMRs (or SMR components).
- Support is possible under **section 6 of the CISAF**, for all NZIA products and main specific components, including for relevant SMR technology.



Thank you



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