Information Memorandum

PtX Development Fund

Version 1, 1st Call for Expressions of Interest, 11 December 2023,

Version 2, 2nd Call for Expressions of Interest, 8 January 2025

Contents

Abbreviations

BMZ	German Federal Ministry for Economic Cooperation and Development
DoU	Declaration of Undertaking
E&S	Environmental and Social
EoI	Expression of Interest
ESCP	Environmental and Social Commitment Plan
ESMP	Environmental and Social Management Plan
EU	European Union
FATF	Financial Action Task Force
FC	Financial Close
FEED	Front-End Engineering Design
FPD	Full Project Description
GBER	General Block Exemption Regulation
ILO	International Labour Organization
JV	Joint Venture
KfW	Kreditanstalt für Wiederaufbau, a public law institution (Anstalt des öffentlichen Rechts)
KfW PtX Platform	A pool of promotional and financing instruments offered by the German government and KfW Group offered to projects along the entire PtX value chain (https://www.kfw-entwicklungsbank.de/Our-topics/PtX/)
KGAL	KGAL Investment Management GmbH & Co. KG
KYC	Know your Customer
MW	Megawatt
OFAC	Office of Foreign Assets Control
PPP	Public–Private Partnership
PtX	Power-to-X
TA	Technical Assistance
TIC	Total Investment Cost
UN SDGs	United Nations Sustainable Development Goals

Preface: The Information Memorandum covers the objectives of the Power-to-X D&G GmbH (“PtX Development Fund”) as well as the process for submitting an expression of interest (“Expression of Interest” or “EoI”) on the web platform. This Investment Memorandum sets out the criteria that interested parties (“Interested Parties” or “IP”) and their respective projects must meet to be considered for funding, and the general process by which funding decisions are made by PtX Development Fund. This is to ensure transparency, consistency, and alignment with PtX Development Fund’s objectives. Given the dynamic market environment of green hydrogen, this IM will be regularly reviewed and adapted. Interested Parties should stay updated on new revisions.

1 Background

Decarbonisation of societies and economies is one of the biggest challenges of this century. The power sector can be largely decarbonised by further expanding renewable electricity production. However, electrification reaches its limits when it comes to long-term storage and long-distance transport of energy. In addition, several applications – particularly in the industry and transport sector – cannot be directly electrified at a reasonable cost.

This is where green or renewable hydrogen has a key role. Green hydrogen is produced by electrolysis using renewable electricity and can subsequently be transformed into secondary products (also known as derivatives). These derivatives find widespread application across various sectors (referred to as X), both in terms of material usage and energy utilisation. This approach is commonly known as Power-to-X, or simply PtX.

The levelized costs of electricity from renewables – and hence the levelized costs of green hydrogen – are highly dependent on local geographic and meteorological conditions. It is therefore reasonable to establish significant green hydrogen production capacities not only in high energy consumption regions, such as the European Union (“EU”), but also in countries where the production conditions are particularly favourable, and where decarbonisation can therefore be achieved most efficiently. Some of the countries with favourable conditions are developing and emerging economies that are expected to see their energy demand increase both in absolute terms and as a share of the global total. It is therefore of upmost importance to intensify and support the energy transition in these countries, not only to achieve net-zero emissions on a global scale, but also to ensure sustainable economic and social development. Furthermore, the development of a global green hydrogen market contributes to a diversification of energy supply.

Germany is among the leading nations in climate action with a commitment to reaching net zero by 2045, and to supporting other countries in their climate goals. To this end, the German Federal Ministry for Economic Cooperation and Development (“BMZ”) has set up PtX Development Fund with a total initial budget of 270 million Euro (“Fund”). The goal of the PtX Development Fund is to provide non-reimbursable grants to industrial-scale projects within the green hydrogen value chain. These geostrategically relevant projects must be located in developing and emerging countries and be close to Financial Close (“FC”).

In July 2023, KGAL Investment Management GmbH & Co. KG (“KGAL”) was mandated by KfW as Fund Manager of PtX Development Fund. The KGAL team of experts together with consultants of GOPA – International Energy Consultants GmbH will assess the EoIs submitted by Interested Parties from technical, economic, environmental and social perspectives. Following the results of such assessment, PtX Development Fund will allocate grants to selected Interested Parties.

2 Fund objectives

The objective of PtX Development Fund is to encourage the production of green hydrogen and its derivatives in developing and emerging economies, and to provide strong financial incentives to trigger further investments. To this end, PtX Development Fund provides non-reimbursable grants to industrial-scale PtX projects that are close to FC and located in eligible countries. The list of eligible countries is published on the website of PtX Development Fund. By doing so, PtX Development Fund will not only drive the transition towards a sustainable energy future, but also contribute to local economic growth and development.

Grants provided by PtX Development Fund may be combined with parallel funding and financing offered by the KfW PtX Platform. The KfW PtX Platform provides comprehensive advice on various funding and financing options for large-scale PtX projects in non-European countries and offers an integrated financing solution from a single source. To this end, the KfW PtX Platform bundles funding options from the German federal government and KfW and puts together a suitable financing package for PtX projects. KfW also helps to bring other public and private financiers on board. With these tailor-made financing offers for capital-intensive projects, the KfW PtX Platform aims to close the existing "bankability gap" for PtX projects.

Figure 1 illustrates the various financing instruments available through the KfW PtX Platform.

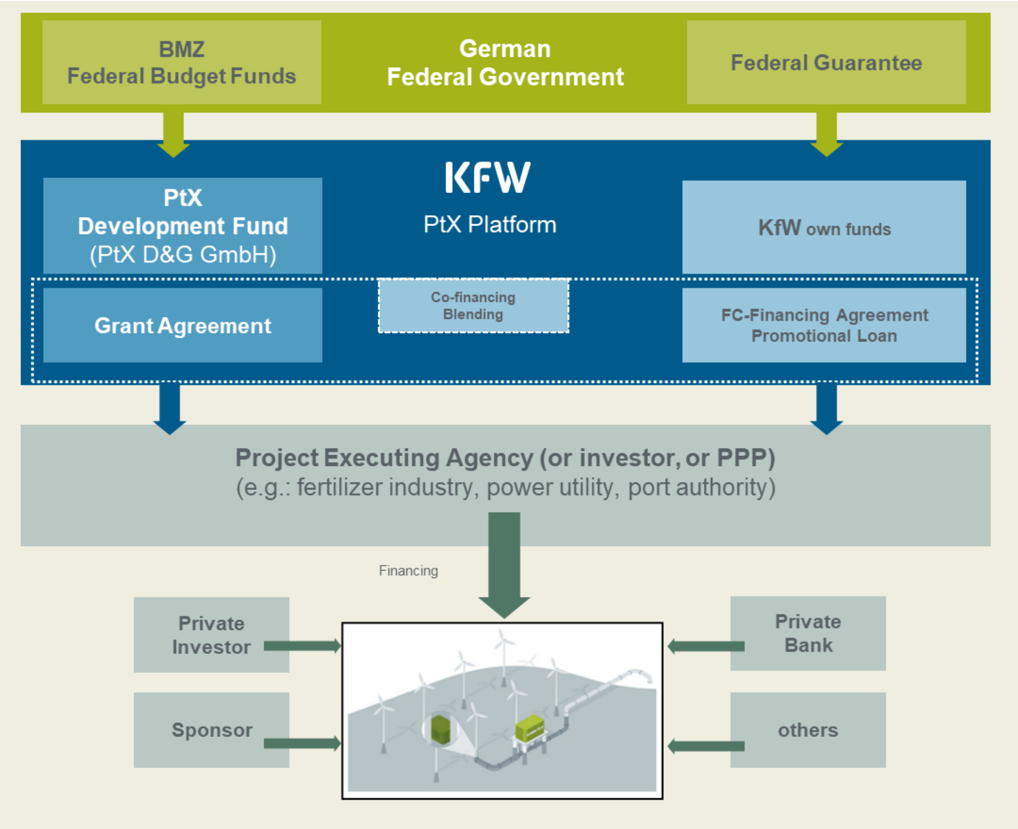

Figure 1 The PtX Platform and its financing instruments

PtX Development Fund aims to promote the value chain of green hydrogen production and its derivatives. When hydrogen is produced from renewable sources, it is considered green. Examples of green hydrogen derivatives include:

- **Green ammonia**: Green ammonia is produced by using green hydrogen and nitrogen. Green ammonia can be used as a feedstock for fertiliser production and other chemical industries or as an energy carrier.
- **Green methanol**: Green methanol can be synthesised by combining carbon dioxide ("CO_2") with green hydrogen. Green methanol can be used as a fuel, a solvent, or as a raw material for various industrial processes.
- **Green synthetic fuels**: Green hydrogen can be combined with CO_2 or other carbon sources to produce synthetic fuels, such as synthetic gasoline, diesel or jet fuel. These fuels are considered environmentally friendly alternatives to conventional fossil fuels.
- **Green hydrogen-based chemicals**: Green hydrogen can be utilised as a feedstock in the production of various chemicals (e.g. organic compounds). These chemicals can serve multiple industries, such as manufacturing, agriculture and pharmaceuticals.

PtX Development Fund may finance any project within the PtX value chain that is in accordance with PtX Development Fund's Eligibility Criteria (see section 3 below) as well as with state aid law General Block Exemption Regulation ("GBER")[1]. More information on GBER is provided in Annex I.

For instance, projects in the following areas of the PtX value chain may be considered for funding:

- **Renewable energy generation**: The value chain begins with the generation of renewable energy, e.g. from solar and wind. These renewable energy sources power the electrolysis process that produces green hydrogen. To be eligible for a grant by PtX Development Fund, the renewable energy generation asset must be constructed specifically to power a PtX project and be co-located or directly connected with the electrolysis.
- **Electrolysis**: Electrolysis is the process of splitting water into hydrogen and oxygen using an electrical current. If the electricity used for electrolysis comes from renewable sources, the produced hydrogen is called green or renewable hydrogen. Green hydrogen as a by-product from other sustainable production processes may also be considered.
- **Hydrogen compression**: After electrolysis, the hydrogen gas produced generally needs to be purified and compressed to meet the specifications for various applications. This may involve removing impurities, drying and adjusting the pressure and temperature of the hydrogen.
- **Hydrogen storage and transportation**: Green hydrogen can be stored and transported in different forms, depending on the scale and requirements. It can be stored as a compressed gas, or as a cryogenic liquid. Additionally, hydrogen can be chemically bound to other materials, forming compounds such as ammonia or liquid organic hydrogen carriers (LOHCs), for transportation.
- **Distribution infrastructure**: The infrastructure for distributing green hydrogen includes pipelines, storage facilities, road and rail transportation, as well as inland or seaport filling stations.

[1] Commission Regulation (EU) No 651/2014 as amended from time to time

- **Utilisation**: Green hydrogen can be directly used as a fuel for hydrogen-powered vehicles or as a feedstock in industrial processes.
- **Processing into hydrogen derivatives:** Green hydrogen can be converted into derivatives like green ammonia, green methanol or synthetic fuels. To be considered for a grant of PtX Development Fund, processing facilities (such as Haber Bosch or Fischer Tropsch synthesis plants) must be directly linked to an electrolyzer.

The hydrogen value chain is exemplarily illustrated in Figure 2.

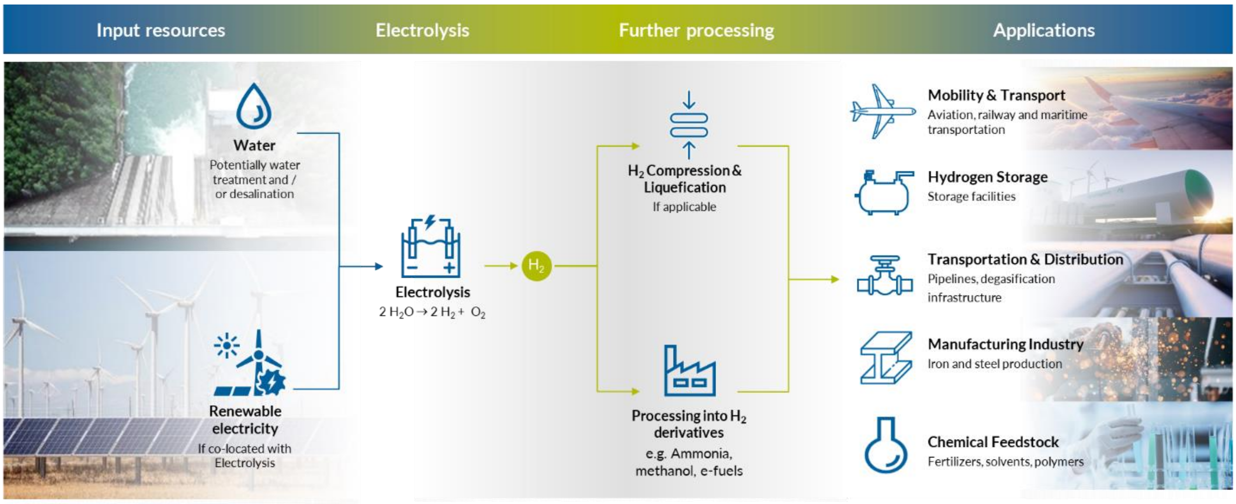

Figure 2 The Power-to-X value chain

3 Eligibility criteria

Interested Parties submitting an EoI can be governmental or public organizations, private enterprises, public–private partnerships ("PPPs"), joint ventures ("JVs") of private companies. An Interested Party can be the legal entity owning the project or a legal entity acting on behalf of the legal entity owning the project. Projects may be held on the balance sheet of a corporate, or by a dedicated project company incorporated as a special purpose vehicle ("SPV"). An Interested Party may submit several Expressions of Interest on behalf of different projects, using a different email address for registration and for submitting the respective EoI. The respective project that the EoI is submitted for and the legal entity owning the project must operate and be incorporated in one of the eligible countries. The legal entity owning the project shall also be – if selected – the grant receiving unit.

Interested Parties should be aware that a successful EoI will comprise comprehensive documentation requirements (specifically in the environmental and social area) and reporting obligations, also after a potential grant allocation. These processes will require certain costs as well as considerable time, effort and human resources.

In the event that start of works of a project has occurred or will occur prior to the allocation and payout of the grant, such project is not eligible for funding by PtX Development Fund. "Start of works" means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of works. For further details on the definition of start of works and permissible preparatory measures, please refer to Annex II.

Each Interested Party and the underlying project, need to show alignment with the following criteria of PtX Development Fund.

In particular, projects are expected to be aligned with relevant national green hydrogen and green energy strategies, as well as with the United Nations Sustainable Development Goals ("UN SDGs"). Projects are also expected to avoid, reduce and/or limit risks and negative impacts on the environment and society.

Furthermore, projects must:

- comply with the KYC requirements of PtX Development Fund and commit to not be involved in any of the activities listed in the exclusion list (the "Exclusion List") of PtX Development Fund outlined in Section 4 of this Investment Memorandum,
- operate and the legal entity owning the project be incorporated in one of the eligible countries,
- be related to the upstream, midstream, and/or downstream PtX value chain in accordance with GBER,
- use renewable energy (e.g., wind, solar, hydropower or geothermal energy) in close alignment with the relevant EU regulations[2],
- contribute in a significant and efficient manner – directly or indirectly – to avoiding greenhouse gas emissions,
- use technically mature and proven main components and production processes, and prove their technical feasibility and their ability to be completed within a reasonable time and budget,
- be close to the FC stage, which implies that the feasibility study for the project has been completed and the Front-End Engineering Design (FEED) study has at least been contracted and/or funded,
- have already secured land rights for the project's main premises,
- assure that key project resources do not compromise other pre-determined uses; this relates particularly to the use of water, land and green electricity,
- provide details of the project's business model as well as a financial model, to demonstrate the project's profitability and use of reasonable commercial assumptions,
- have a proper procurement procedure in place or be committed to developing and implementing a compliant procurement system. Goods and services related to the project must be procured in a competitive, transparent, fair, and confidential bidding process in accordance with local country recognised practices,
- provide details on any equity financing commitments, and
- provide an Environmental & Social Impact Assessment (ESIA) report acceptable to PtX Development Fund in the course of the granting process.

[2] The existing relevant EU regulation, Commission Delegated Regulation (EU) 2023/1184, defines when electricity taken from the grid can be considered as fully renewable. One exemplary possibility is that the project is connected to a grid zone where the average proportion of renewable electricity exceeded 90% in the previous calendar year and the production of hydrogen does not exceed a maximum number of hours set in relation to the proportion of renewable electricity in the respective bidding zone (or equivalent concept). Another possibility is that the renewable properties of electricity are demonstrated with renewables power purchase agreements and the fulfilment of certain other criteria.

Each Interested Party and/or its project must demonstrate that they:

- have relevant experience and a track record of implementing and managing similar energy infrastructure projects,
- are financially healthy and adequately capitalised,
- have the necessary institutional and financial capacity to conduct a project of the expected size and complexity,
- are well governed in accordance with international best practice, national laws and international standards such as risk management, environmental and social management, health and safety management, and quality management standards, and
- are compliant with their tax and financial obligations.

Within the range of projects fulfilling the mandatory criteria listed above, PtX Development Fund prefers projects that:

- are of industrial-scale size with a total investment cost of over €100 million,
- directly lead or demonstrably contribute to a replacement or reduction of the use of highly carbon emission intensive fossil resources (in particular hard coal or lignite, oil, natural gas) in an existing industry or value chain in the project's country. This is particularly relevant for projects located in countries with a high share of such fossil energies in the overall energy mix;
- are in sectors where there are few / no decarbonisation alternatives to the use of green hydrogen, and
- are scalable and demonstrably add value to the local economy, e.g. through local procurement, the creation of fairly paid and formal jobs, and/or the development of local value chains, use, extend, complement, or repurpose existing infrastructure, such as chemical industrial facilities, processing plants, refineries, storage facilities and access to seaport loading terminal.

Projects selected by PtX Development Fund will be offered a grant, whereby two funding facilities are available:

- Principal Grant Facility: Cost items eligible for this facility include reasonable and competitive capital expenditures for key components of a project.
- Technical Assistance ("TA") Facility: Such facility may be - at the sole discretion of PtX Development Fund – offered to promising EoIs falling short of fully qualifying for the Principal Grant Facility in order to address a small number of well identified gap(s). For the avoidance of doubt, TA Facility funding may only be allocated to projects in combination with the Principal Grant Facility.

PtX Development Fund will – as the case may be – combine such facilities and offer one single grant to the respective selected Interested Party and the respective project. The amount of such grant will vary according to the scope and nature of the proposed project, at the sole discretion of PtX Development Fund. Any grant is capped at €30 million per project. The grant must be pivotal in enabling a project to reach Financial Close and may in principle only be distributed once Financial Close of the project has been reached. An exception is made if part of the grant is funded by the TA Facility: Such part of the grant may be distributed prior to Financial Close to address a project's shortfalls as described above.

Funding by PtX Development Fund must comply with GBER regulations. All questions in the EoI documentation – in particular those related to GBER - must be answered truthfully.

Otherwise, the project funding may need to be recovered. An exemplary list of some of the grant limitations under GBER is provided in Annex I.

4 Exclusion criteria

Interested Parties and projects, including all members of a joint venture and proposed or engaged subcontractors, will not be awarded a grant from PtX Development Fund, if they:

- are bankrupt, being wound up or ceasing their activities, are having their activities administered by courts, have entered into receivership, or are in any analogous situation,
- have been convicted by a final judgement or a final administrative decision or subject to financial sanctions by the Office of Foreign Assets Control ("OFAC"), United Nations, the EU and/or Germany for involvement in a criminal organization, money laundering, terrorist-related offences, child labour or trafficking in human beings; this criterion of exclusion is also applicable to legal persons, whose majority of shares are held or factually controlled by natural or legal persons which themselves are subject to such convictions or sanctions,
- have been convicted by a final court decision or a final administrative decision by a court, the EU or national authorities in the project country or in Germany for sanctionable practice during any tender process or the performance of any contract or for an irregularity affecting the EU's financial interests, unless they provide supporting information together with a Declaration of Undertaking ("DoU") which shows that this conviction is not relevant in the context of the respective PtX Development Fund grant contract,
- have been subject, within the last five years, to a contract termination fully settled against them for significant or persistent failure to comply with their contractual obligations during contract performance, unless (i) this termination was challenged and (ii) dispute resolution is still pending or has not confirmed a full settlement against them,
- have not fulfilled applicable fiscal obligations regarding payments of taxes either the country where they are constituted or in Germany,
- are subject to an exclusion decision of the World Bank or any other multilateral development bank and are listed in the respective table with debarred and cross-debarred firms and individuals available on the World Bank's website or any other multilateral development bank and cannot demonstrate with supporting information along with a DoU that the exclusion is not relevant in the context of the respective PtX Development Fund grant contract, or
- have given a misrepresentation in supplying the information requested by PtX Development Fund as condition to participation in the EoI.

PtX Development Fund does not offer grants to projects and Interested Parties to which any of the criteria in the Exclusion List published on PtX Development Fund website applies.

5 Selection process

The selection process will follow a transparent and non-discriminatory two-stage process, as shown in Figure 3. The selection process and final grant allocation decision is at the sole discretion of PtX Development Fund and its partners. The exact timeline for submitting an EoI will be defined and publicly communicated on the Power-to-X Development Fund website.

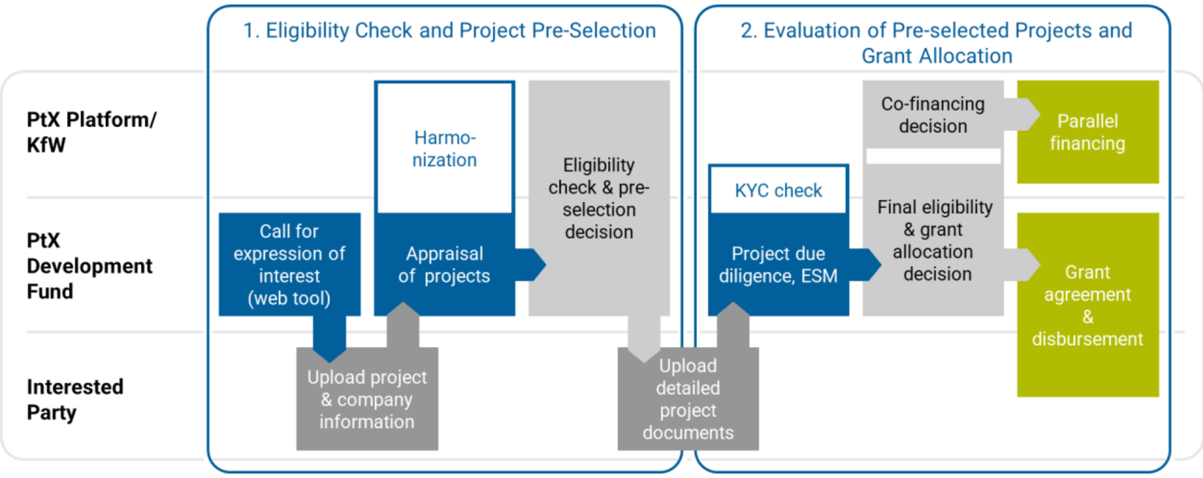

Figure 3 Two-stage selection process overview

In Stage 1 (Eligibility Check and Project Pre-Selection), Interested Parties must provide evidence of their capabilities in terms of the Eligibility Criteria. To this end, Interested Parties must submit the project information using the Pre-Selection Questionnaire available on the PtX Development Fund website for download. This Excel-based Pre-Selection Questionnaire requests comprehensive information on the project, including a detailed description of project objectives, scope, offtake, financing strategy, proposed implementation plan, and current project studies and documentation. When multiple organizations participate in project implementation, Interested Parties are required to clearly outline the roles and responsibilities of each partner. Additionally, Interested Parties must self-declare the availability of all pertinent documents that substantiate the stated status of the project. During Stage 1, only general questions from Interested Parties may be sent by email to info@ptx-development.fund until 14th of February 2025, 6 pm CET. PtX Development Fund will only answer questions of general interest by communicating a common list with questions and answers to the Interested Parties.

Upon receipt of the information provided in the Pre-Selection Questionnaire, PtX Development Fund will send an acknowledgement email to the Interested Parties. As part of the internal review process, PtX Development Fund may contact the Interested Parties to request further information and clarifications. However, due to the expected large number of EoIs, PtX Development Fund will not answer queries regarding the status of the EoI.

Upon completion of the Eligibility Check and Pre-Selection Process, and after harmonization with KfW PtX Platform, a number of EoIs will be pre-selected and be invited to Stage 2 (Evaluation of pre-selected projects and grant allocation). EoIs rejected in Stage 1 will be notified by email and may reapply in a future call for EoI. For Stage 2, PtX Development Fund will send a notification to Interested Parties to sign a non-disclosure agreement (NDA). After having signed the NDA, Interested Parties must upload all the relevant project and company documents and submit a Full Project Description using the template provided on the website. These documents must provide proof of the claims made in the Stage 1. Once all documents are provided, PtX Development Fund and its partners will perform a reasonable technical, financial, social and environmental double-check due diligence to assess the quality of the Interested Party and the respective project. At this stage, PtX Development Fund will also review if and to what extent a project may be considered for TA Facility funding. Interested Parties, their ultimate beneficiary owners, directors, managers and key staff must also pass customary Know your Customer (KYC), sanctions compliance, anti-money laundering and anti-terrorist finance verifications, as well as creditworthiness checks. Relevant updated KYC sanction lists will apply.

During Stage 2 assessments, Interested Parties must allocate time for an on-site appraisal. PtX Development Fund will also conduct management interviews with the project partner(s) and the key team responsible for implementing the project. The project evaluation at Stage 2 will be carried out in close collaboration with the KfW and other potential KfW PtX Platform participants. Once PtX Development Fund has finalised the selection process, successful Interested Parties will be notified by email, and will be invited to submit an official grant application. Such email will include the grant application form as well as the draft grant agreement.

6 Interdependencies with funding from other sources

Please note that there may be interdependencies if the grant recipient receives support from other hydrogen programs like the German H2Global funding scheme[3]. For example, to avoid an overcompensation at the level of the beneficiary, the bidder in an H2Global tender must disclose direct or indirect subsidies and any costs not incurred as a result. This includes all funding which has been received or will be received in the future from other local, regional or national funding bodies within or outside the EU or from international organizations and which relates to cost components that are already supported by this funding instrument.

Moreover, it cannot be excluded that funding from other sources is linked to the condition that it incentivises new investments that have not yet been started.

While funds from third countries rarely qualify as State aid under the EU State aid law, they are more likely to constitute a foreign subsidy under Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market (the FSR). However, this fact alone does not entail any consequences for the PtX Development Fund itself and the funding granted under it, but it may have implications for the undertakings[4] involved (independent of the participation in the PtX Development Fund). Additionally, an undertaking's participation in the PtX Development Fund, especially if linked to exports to the European Union, may lead to its recognition as engaging in an economic activity in the internal market (unless it was already engaged in the internal market), which is one of the requirements for the existence of a foreign subsidy under the FSR. However, the

[3] Please refer to https://www.h2global-stiftung.com/project/h2g-mechanism.

[4] An undertaking is an entity engaged in an economic activity. Several separate legal entities may be considered to form one undertaking. In this respect, the existence of a controlling share and other functional, economic and organic links and the exercise of control are relevant.

purpose of this document is not to outline the obligations under the FSR. For detailed information, please consult your legal advisor.

7 Key facts and figures

Table 1 summarises the key facts and figures about PtX Development Fund.

Table 1 Key facts and figures about PtX Development Fund

Initial fund size	Ca. €270 million
Financed by	Federal Ministry for Economic Cooperation and Development (BMZ)
Fund vehicle	Power-to-X D&G GmbH
Fund manager	KGAL Investment Management GmbH & Co. KG
Planned investment phase	Q1-2024 until Q4-2027
Target projects	Mature industrial-scale green hydrogen projects related to the PtX value chain
Target size of grant	Grant sizes target a maximum of €30 million and must be in accordance with General Block Exemption Regulation
Evaluation process	Allocation of grants is at the sole discretion of PtX Development Fund and its partners
Eligibility Criteria	Projects must show alignment with the Eligibility Criteria and must not be associated with any criterion of the Exclusion List
Project stage	Projects should be close to Financial Close
Model of disbursement	Project-specific
Purpose	Contribution to total investment costs
Eligible countries	2nd Call for Expression of Interest: Brazil, Colombia, Egypt, India, Kenya, Morocco, South Africa
Timeline	Deadline for submitting Expressions of Interest: 05th of March 2025, 6:00 p.m. CET
Parallel financing	May be available through the KfW PtX Platform

Annex I: Information on General Block Exemption Regulation

Depending on the answers given in the Pre-Selection Questionnaire, the General Block Exemption Regulation (GBER)[5] may apply. The GBER limits the applicable areas that can obtain grants and introduces specific restrictions and limitations on the grant size. Table 2 and Table 3 provide a broad overview over the applicable areas and limitations. Please refer to the GBER for more detailed information. Hydrogen qualifies as renewable hydrogen if it can be demonstrated that it is produced from electricity that is exclusively produced from renewable energy sources (renewable electricity). More guidance on what qualifies as renewable electricity is provided in the main document and in the respective EU regulation[6].

In the context of GBER, an undertaking is an entity engaged in an economic activity. Several separate legal entities may be considered to form one undertaking. In this respect, the existence of a controlling share and other functional, economic and organic links and the exercise of control are relevant. There is no strict definition of an "investment project/project". Rather, there are some factors that determine whether there is one or more investment project(s)/project(s). The determining factor is whether there were separate investment decisions. The initial investment decision becomes clearer, i.a., from the permits (construction, environmental, etc.) to which a project is subject. On the other hand, if the only linking element is economic or technological synergies it might not be sufficient to conclude that the entire investment is part of one single project.

5 Commission Regulation (EU) No 651/2014 as amended from time to time.

6 Commission Delegated Regulation (EU) 2023/1184.

Table 2 Eligible value chain areas and limitations of the PtX Development Fund following General Block Exemption Regulation - upstream and midstream value chain

Value chain area		GBER	Comments	Maximum limitations[7] absolute amount, aid intensity
Upstream	Production of renewable electricity	Art. 41 para. 1	Eligible only if co-located or directly connected with electrolysis	€30m per undertaking per investment project[8], but not more than 45% of Total Investment Cost (TIC)
Midstream	Production of renewable hydrogen (if combined with dedicated infrastructure see below)	Art. 41 para. 3	Capacity of the electrolyzer shall not exceed the combined capacity of the renewable generation units	€30m per undertaking per investment project[9], but not more than 45% of TIC
Midstream	Dedicated infrastructure for transmission or distribution of renewable hydrogen as well as storage facilities for renewable hydrogen (combined with production of renewable hydrogen)	Art. 41 para. 3	All investment components (generation, transport and storage) are considered to constitute a single integrated project	€30m per undertaking per investment project[10], but not more than 30% of TIC

7 The final allocated grant amount may be lower and is in the sole discretion of the PtX Development Fund. In few cases, the limitation in the GBER may be higher than stated in the Table. The lower amount of both applies.

8 Example: If three undertakings participate in a single project, each undertaking can receive a grant up to the maximum limit. If three different projects are carried out by one undertaking, then the undertaking can receive a grant up to the maximum limit for each project, but projects cannot be artificially split to receive higher grants.

9 See footnote 8. If the installation for the production of renewable hydrogen and the necessary plants for the production of renewable energy for the electrolysis are planned and realised at the same time both components (electrolyzer and RES plants) should be regarded as one single project for reasons of precaution.

10 See footnote 8.

Table 3 Eligible value chain areas and limitations of the PtX Development Fund following General Block Exemption Regulation – downstream value chain

Value chain area		**GBER**	**Comments**	**Maximum limitations**[11] absolute amount, aid intensity
Downstream	Dedicated transmission infrastructure for transportation of renewable hydrogen, storage facilities included (**not** combined with production of renewable hydrogen)	Art. 36 para. 1b		€25m per investment project[12], but not more than 40% of TIC
	Construction or upgrade of hydrogen infrastructure not dedicated, i.e. generally accessible to many users without discrimination	Art. 48	Transport infrastructure if used for 50% or more of hydrogen, storage projects excluded	Target size €30m per undertaking per project[13] , but not more than the funding gap[14]
	Acquisition or leasing of clean vehicles powered by hydrogen	Art. 36b		€30m per undertaking per investment project[15], but not more than 20% of extra costs[16]
	Equipment and machinery using hydrogen or hydrogen-derived fuels	Art. 36 para. 1b	Must be renewable hydrogen	€30m per undertaking per investment project[17], but not more than 40% of extra costs[18]
	Hydrogen refuelling infrastructure supplying vehicles, mobile terminal equipment or mobile groundhandling equipment	Art. 36a	Latest after 2035 solely renewable hydrogen to be supplied[19]	€30m per undertaking per project[20], but not more than 20% of TIC
	Refueling infrastructure supplying hydrogen, ammonia or methanol at maritime ports	Art. 56b	Latest after 2035 aided infrastructure solely supplying hydrogen, ammonia or methanol.[19]	Target size €30m per project[21] Possible up to 100% if TIC <= €22m, 80% if €22m < TIC <= €55m, 60% if TIC > €55m

11 The final allocated grant amount may be lower and is in the sole discretion of the PtX Development Fund. In few cases, the limitation in the GBER may be higher than stated in the Table. The lower amount of both applies.

12 Example: If three undertakings participate in a single project, these three companies collectively can receive a grant up to the maximum limit. If three different projects are carried out by one undertaking, then the undertaking can receive a grant up to the maximum limit for each project, but projects cannot be artificially split to receive higher grants.

13 See footnote 7. The limitation in the GBER is €70m. However, the PtX Development Fund targets a size of €30m.

14 Funding gap means the net extra cost determined by the difference between the economic revenues and costs (including the investment and operation) of the aided project and those of the alternative project which the aid beneficiary would credibly carry out in the absence of aid

15 See footnote 8.

16 Extra cost is calculated as the difference between the cost of the investment or the net present value of leasing the clean vehicle or the zero-emission vehicle and cost of the investment or the net present value of leasing a vehicle of the same category that complies with applicable EU standards already in force and would have been leased without the aid.

17 See footnote 8.

18 Extra investment costs are determined by comparing the costs of the investment to those of a counterfactual scenario that would occur in the absence of the aid. For more details on the counterfactual scenarios, please refer to GBER, Art. 36, para. 4.

19 Commitment by beneficiary required.

20 See footnote 8.

21 See footnote 7. The limitation in the GBER is €143m. However, the PtX Development Fund targets a size of €30m.

Annex II: Start of works and permissible preparatory works

Projects started prior to the approval of potential grant funding are not eligible to receive a grant. However, projects must be close to the FC stage, which implies that construction projects have at least the feasibility study completed and the Front-End Engineering Design (FEED) study contracted and/or funded.

In the following, we provide guidance in distinguishing between the start of a project, which excludes eligibility, and permissible preparatory measures including studies. Moreover, we include a proposal for harmless contractual arrangements in the event that an Interested Party wishes to conclude “Engineering, Procurement and Construction” contracts or “Original Equipment Manufacturer” contracts, the subject matter of which goes (partly) beyond mere preparatory work, already before the grant is approved.

There are negative and positive demarcation criteria:

I. Negative demarcation:

The following activities do not constitute the start of a construction project:

- Purchase of land;
- Basic evaluation: inter alia clarification of the task; identification of the planning boundary conditions; site inspection; summarising, explaining and documenting the results;
- Preliminary planning: inter alia investigating possible solutions with their influence on structural and constructive design, expediency, economic efficiency, taking into account environmental compatibility; obtaining and analysing official maps; developing a planning concept including investigation of alternative solutions according to the same requirements with graphic representation; cost estimation;
- Design planning: inter alia preparation of a preliminary design on the basis of the preliminary planning by means of graphic representation to the required extent and level of detail; participation in the preparation of the financing plan; cost calculation including associated quantity determination; determination of the main construction phases; construction schedule and cost plan;
- Approval planning: inter alia preparation and compilation of documents for the necessary approval procedures; participation in approval procedures including participation in discussion meetings; participation in the drafting of comments on concerns and suggestions of the authorising authorities;
- obtaining permits;
- implementation planning: inter alia drawings, explanations and calculations associated with the project planning with all the individual details required for implementation, including detailed drawings at the required scales.

Feasibility studies, which either relate to the “whether” of the feasibility of the investment or, insofar as they relate to the “how” of its implementation, do not go beyond the above-mentioned planning phases, also do not constitute the start of a project.

II. Positive demarcation:

The following activities constitute the start of a construction project:

- participation in the awarding of contracts for the implementation phase (as a precaution, the preparation of the award procedure should also be categorised as the start of the project);
- legally binding commissioning of the aforementioned services (preparation and execution of contract awards);
- first legally binding commitment to order equipment or any other commitment that makes the investment irreversible.

If an Interested Party wishes to conclude a contract before the grant is approved, the subject matter of which goes (partly) beyond purely preparatory activities, contractual arrangements must be made that exclude a legally binding obligation in this respect. To this end, the entry into force of the contract must be made subject to the condition precedent of approval of the grant with regard to services that go beyond the preparatory (planning) phase as described above in the section "Negative demarcation". To this end, we recommend including e.g. the following wording in the contract text:

> *„This Agreement shall not enter into force with regard to the delivery and performance obligations [description of the services relating to the implementation phase] until the application of the [name of the Interested Party] for a grant from the PtX Development Fund has been approved in accordance with the application (condition precedent). [Name of the Interested Party] will inform [name of the other Party] immediately if the condition is met or if the grant application is rejected in part or in total. The non-fulfilment of the condition shall not give rise to any claims for compensation (e.g. penalty) or other claims of [name of the other contracting party] against [name of the Interested Party]. "*

Annex III: List of supporting documents in the Expression of Interest

Standard documents to be provided by all Interested Parties:

Stage 1 (Eligibility Check and Pre-Selection Decision):

- Completed Pre-Selection Questionnaire
- Project teaser with specific focus on the added value to the local economy and value chains, project chart and resumés of key members of the project team with evidence of track record in implementing similar projects.
- KYC self-declaration
- Self-declaration of available project documents and studies

Stage 2 (Final Eligibility and Grant Allocation Decision): Indicative list of documents to be provided only by pre-selected Interested Parties:

- Documents self-declared as available in Stage I (e.g. Environmental and Social Impact Assessment, Feasibility Study, FEED study, …).
- Evidence of currently valid legal registration under the laws of the country in which it is operating.
- Evidence of appropriate organizational and management capacity.
- Audited financial statements of project company (if applicable), shareholders and potentially main project partners.
- Full Project Description (“FPD”) including details of project implementation plan.
- Financial model including detailed cost and revenue calculations, and planned scenarios to assess the impact of various economic conditions on the project.
- Detailed commercialisation plan such as offtake agreements or letter of intent from potential buyers.
- Environmental and social management or commitment plan (“ESMP”/”ESCP”).
- Detailed financing plan with evidence of secured/confirmed equity financing.
- Relevant permits (e.g. environmental and building permits).
- Evidence that project company or another company in a group of companies (e.g. parent company, subsidiaries) has not previously received a grant for the same project. If a grant has been received, Interested Parties must provide details on the funding (i.a. amount, source).

Additional requirements for Interested Parties may include:

- A clear procurement policy and procedures aligned with good commercial practice (private entities) and/or national and local public country regulations (public or publicly owned entities that must fulfil public procurement law).
- Evidence of company governance according to risk management, environmental and social management, health and safety management, and quality management standards.
- Evidence of good track record in implementing similar projects in the targeted region and country.
- Evidence of available staff in the project country.

Interested Parties must also collect and make the following data available as part of the KYC check process:

- Relevant company details, e.g. details of company name, legal form, registered office, registration number, registration court, company address and bank details.
- Data on the person(s) appearing as the beneficiary (first and last name, date of birth, nationality, place of residence and identity documents).
- Information and documentation on beneficial owners, such as partnership agreements, articles of association, list of shareholders and percentage of their share.
- Information on the extent to which the contracting party or beneficial owner, if any, is a politically exposed person. Politically exposed persons are individuals who are, or have been, entrusted with a prominent public function (heads of state or government, senior politicians, civil servants, judicial or military officials etc.) as defined in the 40 recommendations of the Financial Action Task Force ("FATF").
- Tax information and documents, such as tax number in the grantee's country of residence and certificate of registration.
- Other documents and information required for the process.

Legal Disclaimer

The information contained in this Information Memorandum as well as any information subsequently provided to Interested Parties by or on behalf of Power-to-X D&G GmbH ("PtX Development Fund"), whether verbally, in writing, by email or in any other form, is indicative, non-binding and may be subject to change. Interested Parties shall conform to the terms and conditions set out on this website and, in particular, in this Information Memorandum. PtX Development Fund accepts no liability whether resulting from negligence or otherwise caused arising from reliance upon the accuracy of the information or statements contained in the Information Memorandum.

Please note, that the sole purpose of this Information Memorandum is to provide information about the cornerstones of PtX Development Fund's future funding activity. The information given in this Information Memorandum does not constitute any commitment from PtX Development Fund. Neither does it constitute a binding offer for a grant agreement or an invitation to make a binding project proposal, nor shall any information exchange be construed as binding offer, project proposal or agreement. Even if an Interested Party and the project fulfil all requirements, it remains in the sole discretion of PtX Development Fund whether or not the Interested Party will be invited to submit a project proposal. The issuance of the Information Memorandum does not imply that PtX Development Fund is bound to select an Interested Party or to appoint an Interested Party for a Grant Agreement. PtX Development Fund reserves the right to disregard all or any of the expressions of interest without giving reasons.

PtX Development Fund may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information, assessment or assumption contained in the Information Memorandum. As soon as an updated version of the Information Memorandum comes into force by uploading it on PtX Development Fund's website, any previous version is no longer effective.