

## LEGISLATIVE FINANCIAL STATEMENT

### 1. NAME OF THE PROPOSAL:

Proposal for a Council Regulation setting up the Fuel Cells and Hydrogen (FCH) Joint Undertaking.

### 2. ABM / ABB FRAMEWORK

Policy Area(s) concerned and associated Activity/Activities:

Research and Technological Development: 7<sup>th</sup> Framework Programme, Specific Programme "Cooperation": themes for Energy, Nanosciences, Nanotechnologies, Materials and New Production Technologies, Environment (including Climate Change), and Transport (including Aeronautics) in DG Research and the themes Energy and Transport in DG Energy and Transport.

### 3. BUDGET LINES:

#### 3.1 Budget lines (operational lines and related technical and administrative assistance lines including headings:

08.01 04 70 "Support expenditures for research activities of the FCH Joint Undertaking" Cooperation - Energy <sup>1</sup>

08.05 01 "Operational expenditures for research activities of the FCH Joint Undertaking" Cooperation - Energy (190 M€)

08.04 01 "Operational expenditures for research activities of the FCH Joint Undertaking" - Cooperation – Industrial Technologies (50 M€)

08.07 01 "Operational expenditures for research activities of the FCH Joint Undertaking" - Cooperation – Transport (70 M€)

08.06 01 "Operational expenditures for research activities of the FCH Joint Undertaking" - Cooperation – Environment (20 M€)

06.06 01 "Operational expenditures for research activities of the FCH Joint Undertaking" - Cooperation – Energy (125 M€)

06.06 02 "Operational expenditures for research activities of the FCH Joint Undertaking" - Cooperation – Transport (15 M€)

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<sup>1</sup> This amount will not be taken into account under the ceiling of the administrative expenditures of the 7<sup>th</sup> Framework Programme (6%).

### 3.2 Duration of the action and of the financial impact:

The Fuel Cells and Hydrogen Joint Undertaking is expected to be established by a Council Regulation early 2008 for a period up to 31 December 2017. Its financial impact on the EU budget will cease after 2013.

### 3.3 Budgetary characteristics:

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
08.01 04 70	Non-comp	Non-diff	YES	YES	YES	No 1A
08.05 01	Non-comp	Diff	NO	YES	YES	No 1A
08.04 01	Non-comp	Diff	NO	YES	YES	No 1A
08.07 01	Non-comp	Diff	NO	YES	YES	No 1A
08.06 01	Non-comp	Diff	NO	YES	YES	No 1A
06.06 01	Non-comp	Diff	NO	YES	YES	No 1A
06.06 02	Non-comp	Diff	NO	YES	YES	No 1A

## 4. SUMMARY OF RESOURCES

### 4.1 Financial Resources

#### 4.1.1 Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

			2013						
Expenditure type	Section no.		2008	2009	2010	2011	2012	and later	Total
<b>Operational expenditure<sup>2</sup></b>									
Commitment Appropriations (CA)	8.1	a	20	55	87.5	97.5	85	105	450
Payment Appropriations (PA)		b	20	55	87.5	97.5	85	105	450

<sup>2</sup> Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

Technical & administrative assistance (NDA)	8.2.4	c	1	2	3	3	3	8	20
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#### TOTAL REFERENCE AMOUNT

<b>Commitment Appropriations</b>	a+c	21	57	90.5	100.5	88	113	470
	b+c	21	57	90.5	100.5	88	113	470

Human resources and associated expenditure (NDA)	8.2.5	d	0.176	0.351	0.351	0.351	0.351	1.053
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Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	e	0.166	0	0.166	0.166	0.166	0.820
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#### Total indicative financial cost of intervention

<b>TOTAL CA including cost of Human Resources</b>	a+ c+ d+ e	<b>21.342</b>	<b>57.351</b>	<b>91.017</b>	<b>101.017</b>	<b>88.517</b>	<b>114.873</b>	<b>474.1</b>
<b>TOTAL PA including cost of Human Resources</b>	b+ c+ d+ e	<b>21.342</b>	<b>57.351</b>	<b>91.017</b>	<b>101.017</b>	<b>88.517</b>	<b>114.873</b>	<b>474.1</b>

#### Co-financing details

The founding members of the FCH JU are:

- The European Community, represented by the Commission, and
- The European Fuel Cell and Hydrogen Joint Technology Initiative Industry Grouping (IG) established as a non-profit association under Belgian law.

The IG shall share the running costs of the Programme Office on a 50/50 basis with the Commission (contributed in cash), as well as to cover a minimum of 50% of the operational costs of the Joint Undertaking's research activities (as in-kind contribution).

The running costs are estimated to amount to a maximum of 4,5% of the total costs.

*EUR million (to 3 decimal places)*

									Total
Co-financing body		2008	2009	2010	2011	2012	2013 and later		

Industry Grouping for the Fuel Cells and Hydrogen JTI	f	21	57	90.5	100.5	88	113		470
TOTAL including co-financing	CA a+c +d+ e+f	42	114	181	201	176	226		940

#### 4.1.2. Compatibility with Financial Programming

- ☒ Proposal is compatible with existing financial programming.

#### 4.1.3. Financial impact on Revenue

- ☒ Proposal has no financial implications on revenue

#### 4.2. Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.

Annual requirements	2008	2009	2010	2011	2012	2013 and later
Total number of human resources AD/AST	11	20	20	20	20	20

## 5. CHARACTERISTICS AND OBJECTIVES

### 5.1. Need to be met in the short or long term

The needs are:

- to set up the FCH Joint Undertaking, as a new structure of partnership between the Commission and industry for research funding;
- to organise competitive calls for proposals, evaluation and selection of projects where industry will co-fund the selected collaborative research projects performed in a Member State, a Candidate country or a country associated to the Seventh Framework Programme, together with the funds coming from the FCH Joint Undertaking;
- to monitor and follow-up financial and scientific aspects of projects having concluded a grant agreement with the FCH Joint Undertaking;
- to organise the calls for tender necessary to the operations of FCH Joint Undertaking,

- to set up and implement all procedures of the FCH Joint Undertaking, including financial auditing;
- to organise the dissemination activities of the FCH Joint Undertaking;
- to organise the communication activities of the FCH Joint Undertaking;
- to organise any other activity linked to the FCH Joint Undertaking

## **5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy**

These issues are addressed in the Impact Assessment document attached to this proposal. The Impact Assessment is based on a socio-economic study, a Commission staff working document, as well as on a "Keys to success" contribution provided by the Industry Grouping. The Impact Assessment has been reviewed by a panel of 4 external independent high level experts.

## **5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework**

The overall **objective** is to establish an EU-level policy framework to stimulate an integrated research, technological development and demonstration effort in fuel cell and hydrogen technologies of sufficient critical mass to contribute significantly to European energy public policy objectives. The detailed objectives and substantiation are to be found in the Impact Assessment.

Some of the specific **objectives** are to enable the market breakthrough of fuel cell and hydrogen technologies, enabling commercial market forces to drive the substantial public benefits, to reach the critical mass of research effort to give confidence to industry, public and private investors, decision-makers and other stakeholders to embark on a long-term programme, to facilitate the interaction between industry, universities and research centres on basic research and to encourage the participation of the new Member States and candidate countries;

Pre-defined budget of sufficient critical mass and 6-year time horizon raises confidence in private sector investors and allows industry to make long-term investment plans and manage its cash flows.

The expected **results** will be

- a significant increase in private research investment compared to “business-as-usual” levels;
- a continuously updated strategic research agenda to ensure funding is used in an optimal way;
- a shorter time-to-market by 2 to 5 years;
- a broad participation by SMEs and legal entities from the new Member States.

A set of quantitative and qualitative performance **indicators** will be established to follow the implementation of the FCH JTI. These performance indicators will measure the impact of the JTI on EU competitiveness and the research environment for fuel cells and hydrogen. The quantitative indicators will be measured on a large scale in a comparative and systematic manner, while the qualitative approach will include case studies and technical audits. The indicators should be assessed against the baseline of the state of affairs in the years prior to the start of the JTI to help assess additionality effects during its lifetime.

The progress and efficiency of the JTI will be closely monitored at different levels. Besides an ongoing, internal monitoring by the executive management, the Commission will present to the European Council an annual implementation report including a report on the state of progress of the JTI and on its financial position.

The progress of the JTI will be continuously monitored against a set of objectively verifiable indicators including:

- monitoring of public (EC and other) and private funding
- follow-up of additionality;
- selection of projects and allocation of funding;
- technical monitoring against well-defined specific programme milestones;
- adherence to time schedule;
- quantified monitoring of market penetration in target sectors;
- level of SME participation and of participation from the newer Member States;
- sustainability indicators.

At mid-term, the JTI will be evaluated by independent experts on behalf of the Commission. This evaluation will cover the quality and efficiency of the Joint Undertaking and its progress towards its objectives and make recommendations for any necessary re-adjustment of the programme and if applicable, consideration of an exit strategy. The Commission will communicate the conclusions of the evaluation to the Council. At the end of 2017, the Commission will conduct a final evaluation of the Joint Undertaking and the results will be presented to the European Parliament and the Council.

#### **5.4. Method of Implementation (indicative)**

##### ☒ ***Centralised Management***

##### ☒ indirectly by delegation to:

- ☒ bodies set up by the Communities as referred to in art. 185 of the Financial Regulation

## **6. MONITORING AND EVALUATION**

### **6.1. Monitoring system**

The Joint Undertaking will be monitored as provided in its Statutes.

## **6.2. Evaluation**

### **6.2.1. *Ex-ante evaluation***

These issues are addressed in the impact assessment document. It is based on a socio-economic study completed to an impact assessment with extensive input from the "Keys to success" document provided by the industry. The Impact Assessment has been reviewed by a high level panel of independent experts. It provides the information required by an ex-ante evaluation for the establishment of the FCH Joint Undertaking. The Impact Assessment was considered satisfactory by the Impact Assessment Board.

### **6.2.2. *Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)***

Not applicable.

### **6.2.3. *Terms and frequency of future evaluation***

Described under *Article 19* of the proposed Regulation.

## **7. ANTI-FRAUD MEASURES**

Described under *Article 21* of the proposed Regulation.

## 8. DETAILS OF RESOURCES

### 8.1 Objectives of the proposal in terms of their financial cost

*Commitment appropriations in EUR million (to 3 decimal places)*

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. Cost for the EC	2008		2009		2010		2011		2012		2013 and later		TOTAL	
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
OPERATIONAL OBJECTIVE <sup>3</sup> - Set up of the Fuel Cells and Hydrogen Joint Undertaking and implementing its Research Agenda																
Action 1 -																
-Output 1 (*)  (**)	Funding of research projects after for proposals	7.5	8	20	14	55	13	87.5	12	97.5	9	85	4	105	60	450
- Output 2	projects															
TOTAL COST				20		55		87.5		97.5		85		105		450

<sup>3</sup> As described under Section 5.3

(\*) The average total cost per project is calculated to be 15 M€ 50% is funded by the FCH Joint Undertaking and 50% comes as in kind contributions from industry. “Total cost” is the part funded via the EC budget. (See table in Annex)

(\*\*) No of outputs means number of projects started during the year.

## 8.2 Administrative Expenditure

### 8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources ( <b>number of posts/FTEs</b> )					
		Year 2008	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013 and later
Officials or temporary staff <sup>4</sup> (XX 01 01) ("Service from the Commission")	A*/A D	1	2	2	2	2	2
	B*, C*/AS T	½	1	1	1	1	1
Staff financed <sup>5</sup> by art. XX 01 02							
Other staff <sup>6</sup> financed by art. XX 01 04/05(At the JU)	AD	6	11	11	11	11	11
	AST	3	7	7	7	7	7
	external	2	2	2	2	2	2
<b>TOTAL</b>		11	20	20	20	20	20

### 8.2.2. Description of tasks deriving from the action

The tasks of the FCH Joint Undertaking are described under *Article I.2* of the Statutes. The specific tasks of the Executive Director and the Programme office are described under *Article I.6* of the Statutes.

### 8.2.3 Sources of human resources (statutory)

- ☒ Posts to be redeployed using existing resources within the managing service (internal redeployment).

### 8.2.4 Other Administrative expenditure included in reference amount

(XX 01 04/05 – Expenditure on administrative management):

EUR million (to 3 decimal places)

<sup>4</sup> Cost of which is NOT covered by the reference amount

<sup>5</sup> Cost of which is NOT covered by the reference amount

<sup>6</sup> Cost of which is included within the reference amount

Budget line (number and heading)	2008	2009	2010	2011	2012	2013 and later	TOTAL
<b>1 Technical and administrative assistance (including related staff costs)</b>							
Executive agencies <sup>7</sup>							
Other technical and administrative assistance							
- <i>intra muros</i>							
- <i>extra muros</i>							
<b>FCH Joint Undertaking<sup>8</sup></b>	1	2	3	3	3	8	20
<b>Total Technical and administrative assistance</b>							

Calculation– (for the duration of the FCH Joint Undertaking)

The indicative costs referred to in the table above concerns the Community contribution to the running costs of the FCH Joint Undertaking. This contribution represents 50 % of the total running costs.

Staff: average cost of €117,000 per FTE per year for AD/AST, and €63,000 per FTE per year for external.

Other running expenditure includes: evaluation by external experts, monitoring of projects, communication activities, organisation of meetings, travel and subsistence, IT development, auditing of projects, etc.

#### 8.2.5 Financial cost of human resources and associated costs not included in the reference amount:

*EUR million (to 3 decimal places)*

Type of human resources	2008	2009	2010	2011	2012	2013 and later
Officials and temporary staff (09 01 05)	0.117	0.234	0.234	0.234	0.234	0.702

<sup>7</sup> Reference should be made to the specific legislative financial statement for the Executive Agency(ies) concerned.

<sup>8</sup> The FCH Joint Undertaking will be established under Article 171 TEC.

Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.)  (specify budget line)	0.059	0.117	0.117	0.117	0.117	0.351
<b>Total cost of Human Resources and associated costs (NOT in reference amount)</b>	0.176	0.351	0.351	0.351	0.351	1.053

Calculation– *Officials and Temporary agents*

The human resources of section 8.2.1 are calculated as 117,000 euros per post FTE for AD/AST, and €63,000 per FTE per year for external.

Calculation– *Staff financed under art. XX 01 02*

*Reference should be made to Point 8.2.1, if applicable*

It is foreseen that the detailed staffing of the JU and long term/short term budgets will be prepared in a Coordination and Support Action during 2007-2008. However, the setting up of the FCH JU will require support from within the Commission during this period. After the establishment of the Joint Undertaking the coordination of the Commission's interests, research topics, coordination with the FP7 etc the equivalent of 1 FTE AD posts and 1 AST post is estimated to be required.

The Joint Undertaking shall have its own auditing capacity. In addition to that 1 AD post for the Commission Internal Auditing Service in accordance with article 28 of the Community Financial Regulation is included.

8.2.6 Other administrative expenditure **not** included in reference amount

*EUR million (to 3 decimal places)*

	2008	2009	2010	2011	2012	2013 and later	
09 01 05 – Missions	0	0	0	0	0	0	
09 01 05 – Meetings & Conferences	0	0	0	0	0	0	
09 01 05 – Committees <sup>9</sup>	0	0	0	0	0	0	
09 01 05 – Studies & consultations	0.166	0	0.166	0.166	0.166	0.498	

<sup>9</sup> Specify the type of committee and the group to which it belongs.

09 01 05 - Information systems	0	0	0	0	0	0	
<b>2 Total Other Management Expenditure ( 09 01 05)</b>	0.166	0	0.166	0.166	0	0.332	
<b>3 Other expenditure of an administrative nature</b>							
<b>Total Administrative expenditure, other than human resources and associated costs (NOT included in reference amount)</b>	0.166	0	0.166	0.166	0.166	0.820	

Calculation - *Other administrative expenditure not included in reference amount*

### Consultations and reviews :

#### a) Consultations

The Commission may initiate an evaluation of the FCH Joint Undertaking by independent experts.

Each evaluation may involve 10 independent experts (5 from Europe\* and 5 from outside Europe\*) for:

20 days of work at €450 per day (total of €90,000)

4 one-day meetings: costs of € 800 in Europe\* and € 3,000 outside Europe\* (total of € 76,000).

Total cost for one evaluation: €166,000.

#### b) Reviews

The Commission shall conduct at least a mid-term review and a final review of the Joint Undertaking. The costs for such a review can be estimated on the same line as for a consultation (€166,000).

\* Europe means 27 EU Members + Associated Countries

Amount budgeted for the year concerned:

[...]

### 5. OTHER REMARKS

[...]