



COMMISSION OF THE EUROPEAN COMMUNITIES

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2007/0211 (CNS)

Proposal for a

COUNCIL REGULATION

setting up the Fuel Cells and Hydrogen Joint Undertaking

(presented by the Commission)

{SEC(2007) 1272}

{SEC(2007) 1273}

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: 7th Framework Programme, Specific Programme "Cooperation": themes for Energy, Nanosciences, Nanotechnologies, Materials and New Production Technologies (NMP), Transport (including Aeronautics), and Environment (including Climate Change) 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 20 Joint Undertaking – administrative¹

08.05 01 10 Energy – RTD – operational (181.9 M€)

08.04 01 10 NMP - RTD – operational (47.9 M€)

08.07 01 30 Transport - RTD – operational (67.0 M€)

08.06 01 10 Environment - RTD – operational (19.1 M€)

06.06 01 10 Energy – TREN – operational (119.7 M€)

06.06 02 10 Transport – TREN – operational (14.4 M€)

The total administrative costs will be distributed on each budget line in proportion to the total contribution.

Theme	Estimated administrative cost, M€
Energy – RTD	8.1
NMP – RTD	2.1

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

Transport – RTD	3.0
Environment - RTD	0.9
Energy – TREN	5.3
Transport – TREN	0.6

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
08.05 01 10	Non-comp	Diff	YES	YES	YES	No 1A
08.01 04 20	Non-comp	Non-diff	YES	YES	YES	No 1A
08.04 01 10	Non-comp	Diff	YES	YES	YES	No 1A
08.07 01 30	Non-comp	Diff	YES	YES	YES	No 1A
08.06 01 10	Non-comp	Diff	YES	YES	YES	No 1A
06.06 01 10	Non-comp	Diff	YES	YES	YES	No 1A
06.06 02 10	Non-comp	Diff	YES	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)

Expenditure type	Section no.		2008	2009	2010	2011	2012	2013	Total
Operational expenditure²									
Commitment	8.1	a	28.100	70.300	90.100	106.800	73.800	80.900	450.000
Appropriations ³ (CA)									
Payment Appropriations (PA)		b	28.100	70.300	90.100	106.800	73.800	80.900	450.000
Administrative expenditure within reference amount									
Technical & administrative assistance (NDA) Personnel costs + 50%	8.2.4	c	1.900	2.700	3.400	4.190	3.705	4.105	20.000
TOTAL REFERENCE AMOUNT									
Commitment Appropriations		a+c	30.000	73.000	93.500	110.990	77.505	85.005	470.000
Payment appropriations		b+c	30.000	73.000	93.500	110.990	77.505	85.005	470.000
Administrative expenditure <u>not</u> included in the reference amount									
Human resources and associated expenditure (NDA)	8.2.5	d	0.117	0.234	0.234	0.234	0.234	0.234	1.287
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	e	0	0.200	0.200	0	0.200	0.200	0.800

² Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

³ It is expected that Commitment Appropriations and Payment Appropriations from the Commission point of view are the same the same year, as the payments on operational/project level will be made from the Joint Undertaking's budget.

Total indicative financial cost of intervention

TOTAL CA including cost of Human Resources	a+ c+ d+ e	30.117	73.434	93.934	111.224	77.939	85.439	472.087
TOTAL PA including cost of Human Resources	b+ c+ d+ e	30.117	73.434	93.934	111.224	77.939	85.439	472.087

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 not to exceed 4.5 % of the total costs.

EUR million (to 3 decimal places)

Co-financing body		2008	2009	2010	2011	2012	2013	Total
Industry Grouping for the Fuel Cells and Hydrogen JTI	f	30.117	73.434	93.934	111.224	77.939	85.439	472.087
TOTAL CA including co-financing	a+c +d+ e+f	60.234	146.868	187.868	222.448	155.878	170.878	944.174

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
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;
- 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;
- monitor and follow-up financial and scientific aspects of projects having concluded a grant agreement with the FCH Joint Undertaking;
- organise the calls for tender necessary to the operations of FCH Joint Undertaking,
- set up and implement all procedures of the FCH Joint Undertaking, including financial auditing;
- organise the dissemination activities of the FCH Joint Undertaking;
- organise the communication activities of the FCH Joint Undertaking;
- organise any other activity linked to the FCH Joint Undertaking.
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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 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 to the Council. At the end of 2017, the Commission will conduct a final evaluation 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 Article 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. It provides the information required by an ex-ante evaluation for the establishment of the FCH Joint Undertaking.

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)	Budget line	Av. Cost for the EC	2008		2009		2010		2011		2012		2013		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 ⁴ - Set up of the Fuel Cells and Hydrogen Joint Undertaking and implementing its Research Agenda																
	08.05 01 10			28.1		30.9		50.2		52.1		9.6		11.0		181.9
	08.04 01 10			0		9.6		9.6		9.6		9.6		9.5		47.9
	08.07 01 30			0		4.8		4.8		14.4		19.0		24		67.0
	08.06 01 10			0		2.9		3.4		3.8		4.3		4.7		19.1
	06.06 01 10			0		19.2		19.2		24		28.4		28.9		119.7
	06.06 02 10			0		2.9		2.9		2.9		2.9		2.8		14.4
Action 1 -																
-Output 1 (*) (**)	Funding of research projects after calls for proposals															
TOTAL COST				28.1		70.3		90.1		106.8		73.8		80.9		450.0

(*) 50% is funded by the FCH Joint Undertaking and minimum 50% comes as in kind contributions from industry. "Total cost" is the part funded via the EC budget. (See table in Annex). The projects are presumed to have an average lifetime of 3 years.

(**) Contributions from the 6 mentioned budget lines will constitute one single budget in the FCH Joint Undertaking and is not dependent on covered area for a specific project.

⁴ As described under Section 5.3.

8.1.1. *The estimated distribution of the administrative costs from the budget contributions from DG RTD and DG TREN:*

Budget source	2008	2009	2010	2011	2012	2013	TOTAL
Energy, RTD	1.900	1.100	1.800	1.900	0.400	1.000	8.100
NMP, RTD	0.000	0.400	0.400	0.400	0.400	0.500	2.100
Transport, RTD	0.000	0.200	0.200	0.600	1.000	1.000	3.000
Environment, RTD	0.000	0.100	0.100	0.200	0.200	0.300	0.900
Energy, TREN	0.000	0.780	0.780	0.970	1.585	1.185	5.300
Transport, TREN	0.000	0.120	0.120	0.120	0.120	0.120	0.600
TOTAL, M€	1.900	2.700	3.400	4.190	3.705	4.105	20.000

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 (number of posts/FTEs)						
		Year 2008	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014 and later
Officials or temporary staff ⁵ (XX 01 01) ("Service from the Commission")	A*/A D	½	1	1	1	1	1	(1)
	B*, C*/AST	½	1	1	1	1	1	(1)
Staff financed ⁵ by art. XX 01 02								
Other staff ⁵ financed by art. XX 01 04/05 (At the JU)	AD	6	11	11	11	11	11	(11)
	AST	3	7	7	7	7	7	(7)
	external	2	2	2	2	2	2	(2)
TOTAL		12	22	22	22	22	22	(22)⁶

⁵ Cost of which is NOT covered by the reference amount.

⁶ Any administrative expenditures beyond 2013 are only estimates.

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)

- No new posts will be required from the Commission.

8.2.4. Other Administrative expenditure included in reference amount

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

EUR million (to 3 decimal places)

Budget line (number and heading)	2008	2009	2010	2011	2012	2013	TOTAL
1 Technical and administrative assistance (including related staff costs)							
FCH Joint Undertaking	1.900	2.700	3.400	4.190	3.705	4.105	20.000
Total Technical and administrative assistance	1.900	2.700	3.400	4.190	3.705	4.105	20.000

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. These expenditures have been estimated to approximately 50% of the human resources costs.

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
Officials and temporary staff	0.117	0.234	0.234	0.234	0.234	0.234
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.) (specify budget line)						
Total cost of Human Resources and associated costs (NOT in reference amount)	0.117	0.234	0.234	0.234	0.234	0.234

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 Joint Undertaking and phasing in will require support from within the Commission. After the establishment of the JU the coordination of the Commission's interests, research topics, coordination with FP7 etc the equivalent of 1 FTE AD posts and 1 AST post is estimated to be required.

The FCH JU shall also be audited by the Commission's Internal Auditing Service in accordance with Article 185 of the Community Financial Regulation. However, no separate post for this need can be provided for in this LFS.

	2008	2009	2010	2011	2012	2013
Missions	0	0	0	0	0	0
Meetings & Conferences	0	0	0	0	0	0
Committees ⁷	0	0	0	0	0	0
Studies & consultations	0	0.200	0.200	0	0.200	0.200
Information systems	0	0	0	0	0	0
2 Total Other Management Expenditure	0	0.200	0.200	0	0.200	0.200
3 Other expenditure of an administrative nature						
Total Administrative expenditure, other than human resources and associated costs (NOT included in reference amount)	0	0.200	0.200	0	0.200	0.200
<p>Calculation - <i>Other administrative expenditure <u>not</u> included in reference amount</i> <i>Consultations/evaluations/reviews</i> The Commission shall initiate two evaluations of the FCH Joint Undertaking by independent experts and make two reviews.</p>						

Amount budgeted for the year concerned:

[...]

5. OTHER REMARKS

[...]

⁷

Specify the type of committee and the group to which it belongs.