



European Investment Bank (EIB)

Luxembourg, 03.02.2023

Environmental and Social Completion Sheet (ESCS)¹

Overview

Project Name: *HIGH EFFICIENCY FUEL CELL STACKS (EDP)*

Project Number: 2018-0446

Country: *Estonia, Finland*

Project Description:

The Project initially pertained the scale up of Elcogen's production capacity of industrial solid oxide fuel cells and stacks from lab scale in 2019 to 50 MW manufacturing by 2022 with an estimated CAPEX of approximately EUR 33.4 mil. However, the company has never reached any of the targets set initially for the project.

The RDI activities involved a pilot line with a new manufacturing facility, but this was never started nor completed. The project was not implemented in the originally envisioned time horizon of the financing, therefore it is now considered closed.

Summary of Environmental and Social Assessment at Completion

EIB notes the following Environmental and Social performance and key outcomes at Project Completion.

The investment programme concerned the capacity expansion of solid oxide fuel cells and stack and related RDI programme. The project RDI activities were expected to be carried out in existing facilities, which were already authorised facilities that do not change their already authorised scope due to the project. An EIA was therefore not be needed for the RDI stage as per the EIA Directive 2011/92/EU as amended. It could, however, be that the implementation and expansion of both demonstration manufacturing plants may have required an EIA at the locations of project implementation. The Bank's services put as a condition precedent for second and third disbursements that the provider had to inform the Bank whether an EIA is necessary or and if yes, require that a positive EIA is a condition precedent for such disbursements. However, the company has never reached that stage and the Bank never proceeded with the subsequent disbursements.

According to the Technical Description, it was envisioned that first products from the new factory would come to the market at the end of 2021. Mainly due to delayed funding compared to plan, this date was not met, and the construction has not yet started. The macroeconomic environment with high inflation and supply chain disruptions caused further delays and significantly higher building cost. Consequently, the company decided to cancel the development contract with a local real estate developer. Elcogen has now chosen a new real estate development and construction company to build the factory at another site in Tallinn. The new factory will be funded mainly by a few real estate investors and leased by Elcogen. The target is to complete the engineering and pre-construction phase, sign an agreement and start the construction phase with Maru during H2 2023 which would enable starting the new factory in early 2025. But this element was not part of the Project.

¹ The template is for ILs and FLs



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The CO2 emissions of this operation have not been assessed, since the project has not been implemented.

Summary opinion of Environmental and Social aspects at completion:

EIB is of the opinion based on reports from the promoter and given that the Project has not been implemented, that this is in line with EIB Environmental and Social Standards, applicable at the time of appraisal.