



Investment Committee of the InvestEU Fund

Meeting no 30 of 11-12 July 2024
Mercier-Post building (Publications Office)
20, rue de Reims, L-2417 Luxembourg
Meeting room **ARENA**

Project MINT

INVEU-ICR-0044-2024 – Research, Innovation and Digitisation Window (RIDW)

Short description of the financing or investment operation and its objectives

Name of the final recipient	H2GS Boden Water AB
Type of the final recipients	Special Purpose Vehicle (SPV)
Country of implementation	Sweden
Implementing partner	Nordic Investment Bank

The operation will contribute to the development and operation of the water treatment facility supplying treated water to the different processes of H2GS (Hydrogen to Green Steel) steel plant in Sweden. The facility will form an integrated part the entire H2GS manufacturing plant. The primary function is the treatment of water from Lule river to make it suitable for use in production, including demineralisation, cooling and treatment of effluent return streams.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 11 July 2024 for the above-mentioned operation.

The proposed first-of-a-kind and innovative iron and steelmaking manufacturing route is a breakthrough in terms of low carbon steelmaking and expected to reduce greenhouse (GHG) emissions significantly. The hydrogen based DRI process combined with electrified downstream facilities will abate around 90% or more of emissions associated with traditional coke-based primary steelmaking processes. When implemented, the plant will be the first large scale and very low carbon primary steelmaking plant in Europe and the world and hence entails extensive positive environmental externalities.

The risk profile of the proposed operation is fully aligned to the risk of the H2GS Boden as the water treatment plant forms an integral part of the green steel manufacturing plant. The InvestEU support would therefore be provided to an operation characterised by a significant risk profile which would limit NIB's ability to finance such project without the partial risk relief offered by the EU Guarantee. The key risks associated with the proposed operation include the exposure to the long-term price risk of the commoditised steel market, to the uncertainty on the future price of carbon, raw materials and electricity and the overall project implementation risk stemming from the complexity and the scale of the planned investment.

InvestEU-supported NIB participation with long tenor combined with the uncovered nature of the facility makes the InvestEU support critical for the NIB participation. NIB have a signalling effect for crowding in of commercial banks and more risk-averse financiers.