Investment Committee of the InvestEU Fund

Meeting no 35 of 5-6 December 2024
Room Schuman, Foyer Européen
European Commission, Luxembourg
10 rue Heinrich Heine, L-1720 Luxembourg (Gare)

ZERO CARBON LITHIUM (DE)

INVEU-ICR-0092-2024 – Sustainable Infrastructure Window (SIW)

Short description of the financing or investment operation and its objectives

Name of the final recipient	VER GEO LIO GMBH, ACCEPTABLE BANK(S), V
Type of final recipients	Special Purpose Vehicle/Project Company
Country of implementation	Germany
Implementing partner	European Investment Bank (EIB)

The project intends to produce 24 kt/yr of battery-quality lithium hydroxide, by combining extraction from the underground brine with associated geothermal plants under a closed fluid cycle, a lithium extraction plant and a refining plant. In addition, the project will produce electricity to cover most of its own consumption and heat for district heating in nearby towns, thereby targeting low emissions. The project will be mostly located in the Upper Rhine Valley of Germany.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 6 December 2024 for the above-mentioned operation.

The market for Lithium Hydroxide is expected to outweigh the European supply for many years to come. To ensure some autonomy for the EU market and its customers on a whole, local low emission sourcing is an EU priority.

Accordingly, the project addresses market failures due to (1) imperfect competition in the battery manufacturing supply chain, predominantly served by non-EU manufacturers, (2) the generation of knowledge benefits from RDI activities and the interaction with suppliers and customers in development of new solutions for the production of battery grade LiOH, (3) imperfect and asymmetric information, as the promoter is a start-up investing in innovative technology competing with established companies and technologies, (4) reducing carbon and air pollution externalities and (5) energy security of supply.

EIB facility is critical to close the financing gap especially in light of the profile of this transaction. EIB sizeable contribution to the project would accordingly provide both financial value and non-financial value. EIB participation in the financing will have a crowding in effect and would provide comfort to other financiers. The project could not be carried out (to the same extent) by the EIB without the InvestEU support.