



EASE Reply to European Commission's Public Consultation on "DRAFT INNOVATION FUND REGULATION"

January 2019



INTRODUCTION

The EC legislative proposal for a revised EU ETS reform involves the creation of an Innovation Fund (IF). This fund is meant to support low-carbon innovative technologies, including energy storage technologies, by allocating funds to demonstration projects or projects between TRLs 6–9. It will be financed through the earmarking of revenues from the sale ETS allowances.

The European Commission has published a [public consultation](#) on the draft delegated Innovation Fund Regulation.

Given the importance of the funding that could be available to energy storage projects in the future, EASE is drafting a reply to the public consultation.

Comment 1:

➤ Table 1 ‘Illustrative Examples of Potential Projects’

The draft regulation provides a long and non-exhaustive list of eligible storage technologies. However, we noticed that pumped hydro storage (PHS) is the only mainstream storage technology not included in the list.

The development of storage technologies is critical to reach the EU ETS targets. According to the EU-funded e-Storage project, the untapped potential of PHS (using existing reservoirs) is 2,291 GWh in EU15+Norway and Switzerland. Innovation in PHS can offer the energy system a great amount of high energy storage capacity at a competitive cost, without the need for scarce elements (Li, Co), and recycling problems at the end of life time. Product innovation and demonstration is highly needed for PHS, notably for head increase, variable speed, sea water pumping, hybrid micro PHS (more information on PHS innovation and demonstration can be found in the attached EASE-EERA Energy Storage Technology Development Roadmap). We would therefore suggest including PHS in the list of storage technologies.



Comment 2:

➤ Recital (7)

Recital 7 states that ‘the major part of the Innovation Fund support should depend on verified avoidance of greenhouse gas emissions’. We strongly believe that the Innovation Fund should also look at the whole technology lifecycle and therefore take into account the global warming potential (GWP) of technologies and their end of life. Some technologies could indeed provide higher greenhouse gas (GHG) avoidance during operation while having higher energy intensity when manufactured than others. A wider approach based on the GWP would therefore be welcome to better assess the environmental impact of eligible technologies. This new approach should be shaped in collaboration with relevant stakeholders in order to best capture the benefits provided by the very different technologies covered by the IF.

Comment 3:

- Article 5, paragraph 1
- Article 11, paragraph 1e

We were very pleased to read that the draft Innovation Fund Regulation recognises the importance of various storage technologies for decarbonisation. However, we understand that the criteria to evaluate projects, including storage projects, are based on cost efficiency and GHG avoidance over ten years. This approach is not technology neutral since it gives an advantage to storage technologies with lower Levelised Cost of Storage (LCOS) over storage technologies which have a competitive LCOS and are more efficient over 30 years, such as liquid air energy storage. These technologies have a great potential to decarbonise the system over a longer duration (weekly, seasonal storage) but require also further demonstration.

Considering their complementary contribution to decarbonising the EU economy, all storage technologies should be treated on a level playing field. Evaluation/assessment of projects and costs should therefore be done over longer periods than 10 years.



About EASE

The European Association for Storage of Energy (EASE) is the voice of the energy storage community, actively promoting the use of energy storage in Europe and worldwide. It supports the deployment of energy storage as an indispensable instrument within the framework of the European energy and climate policy to deliver services to, and improve the flexibility of, the European energy system. EASE seeks to build a European platform for sharing and disseminating energy storage-related information and supports the transition towards a sustainable, flexible and stable energy system in Europe.

For more information please visit www.ease-storage.eu

Disclaimer

This response was elaborated by EASE and reflects a consolidated view of its members from an energy storage point of view. Individual EASE members may adopt different positions on certain topics from their corporate standpoint.

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