

EASE - European Commission Innovation Fund Workshop

Industry and Policymakers Supporting
the European Commission's Vision of a
Climate Neutral Europe by 2050

Brussels, February 2020



The Innovation Fund is one of the world's largest funding programmes for demonstration of innovative low-carbon technologies.

On 5 February 2020, over 90 participants attended, in person or via webinar, the EASE - European Commission Innovation Fund Workshop to discuss one of Europe's most ambitious funding programmes for demonstration of innovative low-carbon technologies with high-level European Commission officers.

The Innovation Fund is a key funding instruments for delivering the EU's economy-wide commitments under the Paris Agreement and supporting the European Commission's strategic vision of a climate neutral Europe by 2050.

The Innovation Fund focuses on:

- Innovative low-carbon technologies and processes in energy intensive industries, including products substituting carbon intensive ones
- Carbon capture and utilisation (CCU)
- Construction and operation of carbon capture and storage (CCS)
- Innovative renewable energy generation
- Energy storage

The EU Emissions Trading System (EU ETS), the world's largest carbon pricing system, is providing the revenues for the Innovation Fund from the auctioning of 450 million allowances from 2020 to 2030, as well as any unspent funds from the NER300 programme.

The Fund may amount to about 10 billion euro, depending on the carbon price. In parallel to the Innovation Fund, the EU ETS provides the main long-term incentive for these technologies to be deployed.

The Innovation Fund will:

- help create the right financial incentives for projects to invest now in the next generation of technologies needed for the EU's low-carbon transition
- boost growth and competitiveness by empowering EU companies with a first-mover advantage to become global technology leaders
- support innovative low-carbon technologies in all Member States in taking off and reaching the market.

What will be funded?

The Innovation Fund will focus on highly innovative technologies and big flagship projects with European value added that can bring on significant emission reductions. It is about sharing the risk with project promoters to help with the demonstration of first-of-a-kind highly innovative projects.

It aims to finance a varied project pipeline achieving an optimal balance of a wide range of innovative technologies in all eligible sectors (energy intensive industries, renewable energy, energy storage, CCS and CCU) and Member States.

At the same time, the projects need to be sufficiently mature in terms of planning, business model and financial and legal structure.

The Fund will also support cross-cutting projects on innovative low-carbon solutions that lead to emission reductions in multiple sectors, for example through industrial symbiosis or business model innovation.

The Fund is also open to small-scale projects with total capital costs under 7.5 million euro which can benefit from simplified application and selection procedures.

More on: https://ec.europa.eu/clima/policies/innovation-fund_en

5 Answers you Missed, if you Missed the Innovation Fund Workshop

1. When will the first call of the Innovation Fund be announced, and what will be the budget?

The first call for the fund will take be announced in mid-2020, with a deadline for submission at a point in September or October of 2020. As from 2021, projects in an immature stage of development, that respect specific criteria, can be awarded an initial support through the Project Development Assistance.

With regard to the budget, an overall figure of 10 billion euro will be invested under the Innovation Fund programme in the years running up to 2030. The budget for 2020 is expected to be around 1 billion euro. EASE will be monitoring any new developments and will keep its members updated.

2. What is the size, scale, Technology Readiness Level (TRL), and scope of the projects eligible for the Innovation Fund?

The first Innovation Fund call will be open to projects with a minimum capital expenditure of 7.5 million. The Innovation Fund will mainly support innovation, related to either new technologies or new processes for existing technologies. The TRL of the projects is not a benchmark for the assignment of the Fund.

3. What are the differences between the Innovation Fund and Horizon 2020?

The Innovation Fund aims at building and operating larger-scale assets with breakthrough technologies and processes, while Horizon 2020 promotes projects focused on research and innovation. This difference is also reflected into the selection criteria as the Innovation Fund will mainly look into the business and the financial viability of projects.

Single entities may apply for the funding, in contrast with Horizon 2020, where a minimum of 3 were required.

Finally, the Innovation Fund will be structured around annual calls, that will be adjust taking into consideration the lessons learnt from the previous year, as opposed to the seven-year programme of Horizon 2020.

4. What are the criteria for the selection of the projects?

Five key elements will influence the selection of a project:

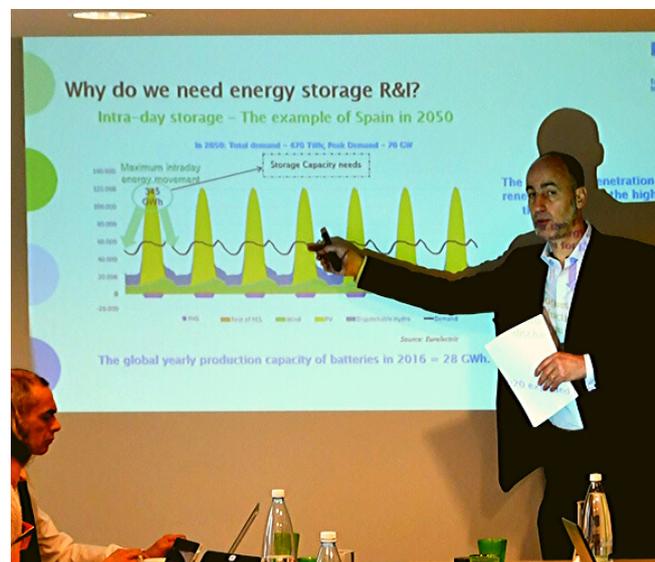
1. the extent of greenhouse gas emission avoidance;
2. the project's degree of innovation;
3. the project's maturity;
4. scalability
5. cost efficiency.

If the first two criteria are met, the project may be eligible for the Project Development Assistance. If the first three criteria are met, the project can submit a full application for the grant.

5. How will greenhouse gasses emissions avoidance be calculated?

The European Commission runs an experts' group that is currently reviewing a number of methodologies to calculate the extent of greenhouse gasses emissions avoidance, but a final decision has not yet been taken.

EASE representatives, being part of the experts' group, are currently providing inputs on the methodology. EASE stresses the need, when evaluating CO2 avoided per euro, to take into account the benefits that energy storage devices bring to the overall system, rather than their footprint.





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