Innovation Fund Webinar
14 July
Agenda

14:00 – 14:20
Introduction
Large-scale call
Evaluators
Small-scale call

14:20 – 14:50
1st stage application form and process

15:20 – 15:50
Q&A

14:50 – 15:20
1st stage application
Award criteria

15:50 - 16:00
Conclusions
During the event, you can use Slido to submit your questions and comments

TO JOIN:

1. Take out your smartphone, tablet or computer and open your browser
2. Go to Slido.com and enter the event code #IF1C.
3. You can now post comments or like comments.
4. Identify yourself when posting comments. These comments will be considered with priority.
Production and use of **Renewable energy**

*including manufacturing plants for components*

**Carbon Capture Use and Storage**

**Driving low-carbon technologies to the market**

**Energy-intensive industries**

*including substitute products*

**Energy storage**

*including manufacturing plants for components*
Key features

- Volume of at least EUR 10 billion until 2030 (at EUR 20 carbon price)
- Support of up to 60% of additional costs related to innovative technology
- Annual calls for large-scale and small-scale projects (CAPEX < EUR 7.5 million)
- Financed from the revenues of the EU Emissions Trading System
- Support of additional capital and operating costs (up to 10 years)
- First call open with a volume of EUR 1 billion for large-scale projects
- Single applicant or consortium
- Project start possible after application for first stage
Selection process

**Expression of interest**
- (a) GHG emissions avoidance
- (b) Degree of innovation
- (c) Project maturity

**Full application**
- (a) GHG emissions avoidance
- (b) Degree of innovation
- (c) Project maturity
- (d) Scalability
- (e) Cost efficiency

Criteria (a), (b), (c) are met

**List of pre-selected projects to be consulted with MS**

**Award of Project Development Assistance (PDA)**

**Award of project grants**
Payments upon milestones

Entry into Operation

Annual payments for achieved GHG emissions avoidance during 10 years after entry in operation

Financial Close

Possible to agree payments at add’l milestones during construction phase
(subject to recovery in case that emission avoidance will not be achieved)

Possible to agree payments at add’l milestones (e.g. drilling with geothermal project)

Up to 40%

independent of achieved emissions avoidance

At least 60%

depending on achieved emissions avoidance

INNOVATION FUND
First call for large-scale projects

European Commission
Award criteria

GHG emission avoidance
- Quantitative indicators for absolute and relative avoidance

Degree of innovation
- Beyond incremental innovation and impact on EU policy objectives

Project maturity
- Ready to reach financial close within 4 years?

Scalability
- Market potential for widespread application

Cost efficiency
- Requested support per ton of CO2
### GHG Emission Avoidance Calculations

<table>
<thead>
<tr>
<th>GHG Emission Avoidance Calculations</th>
<th>Reference Scenario</th>
<th>GHG Emission Avoidance in Project Scenario</th>
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<tbody>
<tr>
<td>Reference scenario</td>
<td>GHG emissions in reference scenario based on</td>
<td>Expected quantity during 10 years after entry in operation</td>
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<td>calculated based on</td>
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<table>
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<tr>
<th><strong>Energy Intensive Industry</strong></th>
<th>ETS benchmark(s)</th>
<th>Quantity of product</th>
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<tr>
<td><strong>Renewable Electricity</strong></td>
<td>Expected 2030 electricity mix</td>
<td>Quantity of electricity produced</td>
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<tr>
<td><strong>Renewable Heat</strong></td>
<td>Natural gas (NG) boiler</td>
<td>Quantity of heat produced</td>
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<tr>
<td><strong>Renewable Fuels</strong></td>
<td>Fossil fuel comparators from RED2</td>
<td>Quantity of fuel produced</td>
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<tr>
<td><strong>Energy Storage</strong></td>
<td>Single-cycle NG turbine peaking power</td>
<td>Quantity of energy stored</td>
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- Changes in:
  - inputs
  - processes
  - outputs (e.g. waste)

- Compared to reference scenario.
## Emission factors for grid electricity

<table>
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<tr>
<th>Project and reference scenarios</th>
<th>Grid Electricity substituted by export from the project</th>
<th>Grid Electricity Consumed</th>
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<tr>
<td></td>
<td>Discharging for energy storage</td>
<td>Charging for energy storage</td>
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<tr>
<td>Energy intensive industry</td>
<td>Fully decarbonised electricity mix</td>
<td>Fully decarbonised electricity mix</td>
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<tr>
<td>CCS</td>
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<tr>
<td>Renewable electricity and heat</td>
<td>Expected 2030 electricity mix for net export</td>
<td>Fully decarbonised electricity mix for net import</td>
</tr>
<tr>
<td>Energy storage</td>
<td>Single-cycle NG turbine <em>peaking power</em></td>
<td>Fully decarbonised electricity mix</td>
</tr>
</tbody>
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*CCS: Carbon Capture and Storage*
Degree of innovation

- Project goes beyond incremental innovation
  - (First-of-a-kind) commercialisation at large-scale
  - Proposed technology or product goes beyond minor changes

- ... considering additional criteria (second stage)
  - Energy efficiency and circularity
  - Use of electricity from renewable origin
  - Net carbon removals
### Assessment criteria

<table>
<thead>
<tr>
<th>Technical maturity</th>
<th>Assessment criteria</th>
<th>Mandatory documents</th>
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<tbody>
<tr>
<td></td>
<td>Technical feasibility, including project design and technical risks</td>
<td>Feasibility study</td>
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<tr>
<td>Financial maturity</td>
<td>Financial viability, including profitability and financing structure</td>
<td>Business plan</td>
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<tr>
<td>Operational maturity</td>
<td>Progress in planning and implementation, including permitting procedures, contracts with customers and suppliers</td>
<td>Project implementation plan</td>
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</table>
Scalability – *market potential for widespread application*

### Project and regional level
- Further expansion at project site, including sector coupling
- Cooperation with regional economy
- Strategy on knowledge sharing

### Sector
- Potential GHG emission avoidance for sector, # installations
- Taking account of supply and demand conditions, such as expected cost reductions and resource constraints

### Economy-wide
- Potential GHG emission avoidance across economy, taking into account size of the sector and potential of GHG emission avoidance in other sectors
- Impact on competitiveness and supply chains within EU
Cost efficiency =

Relevant costs less contribution by project applicant
Max 60% of relevant costs

Absolute GHG emission avoidance
during 10 years after entry into operation (first criterion)

Contributions from private resources or public support
Calculating relevant costs

| Levelised costs | - Comparison of levelised project costs to the market price  
|                 | - Also for substitute products  
|                 | - Default methodology  
| Reference plant | - Comparison of project costs to costs of reference plant  
|                 | - Fall-back option  
| No-reference plant | - In case no comparable product or conventional technology exists  

Cooperation with financial sector, investors, and consultants

You bring mature and innovative projects to the Innovation Fund

You work as evaluator for the Innovation Fund
(subject to conflict-of-interest rules)

You help projects to reach financial close within 4 years after award of Innovation Fund grant
Join as project evaluator

- **Individual** evaluation
  - 5 working days during November and December
  - To be organized fully remotely from your office or home
  - Can be performed during weekends and evenings

- **Consensus group** –
  - Full week of discussion with other fellow evaluators in January 2021
  - Either in Brussels or virtually
  - Up to € 5000 compensation OR pro-bono

- Confidentiality and conflict of interest rules apply
Join as project evaluator

Please apply and don’t hesitate to share with colleagues

Register here:  https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/work-as-an-expert

Mention “Innovation Fund”

Send your CV to INEA-Innovationfund-calls@ec.europa.eu
Small scale projects

Scope and support
- Total capital expenditure (CAPEX) not exceeding €7.5mn
- Grant = max 60% of CAPEX
- PDA also possible

Selection and grant disbursement
- Single-stage application
- Same 5 award criteria but possible to simplify methodologies, in particular GHG emission avoidance
- Grant disbursement still depends on delivery of GHG emission avoidance

First call
- Launch Q4 2020 / Q1 2020
- How to best complement existing funding programs?
- How to best design simplified application and selection process?
| **Small scale projects – is there a gap to be filled by the Innovation Fund?** |
|---------------------------------|-----------------|-----------------|
| **LIFE programme**<br>(climate change – traditional projects) | **EIC accelerator**<br>(max. €2.5mn (grants) + up to €15mn (equity)) | **IF small scale**<br>(max. €4.5mn) |
| **EU contribution** | No max.<br>Average ≈ €1.5mn |  |
| **Project duration** | Not predetermined.<br>Mostly 2-5 years. | 1-2 years (with possibility for longer) | Up to 14 years |
| **Activities supported** | Aimed at bringing project to maturity for market take-up (e.g. pilot, demonstration) | Aimed at bringing project to maturity for market take-up (e.g. pilot, demonstration) | Aimed at - bringing projects on market: first-time implementation - keeping projects on market in long run |
Calendar

3 July  Launch First Call

15 Sep tbc

25 Sep

Mid Oct

29 Oct  Submission 1st stage

Q1 21  Invitation 2nd stage

Q2 21  Submission 2nd stage

H2 21  Grant Award

**Webinar**
GHG emission avoidance & FAQs

**Innovation Fund Day**
Investors and evaluators

**Expert group meeting**
Large-scale call FAQ
Small-scale call
<table>
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<tr>
<th>Application for large-scale call</th>
<th>Call for small-scale projects</th>
<th>Mobilise technical and financial experts</th>
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<tr>
<td>Submission deadline</td>
<td>Discussion at Expert Group Meeting</td>
<td>Please continue to apply</td>
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<tr>
<td>29 October</td>
<td>Mid October</td>
<td>Expected launch December</td>
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<td></td>
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<td>Expected launch December</td>
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<tr>
<td>Next webinar</td>
<td>Expected launch December</td>
<td>Innovation Fund Day on co-investment</td>
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<td>15 September (tbc)</td>
<td>December</td>
<td>25 Sept</td>
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