



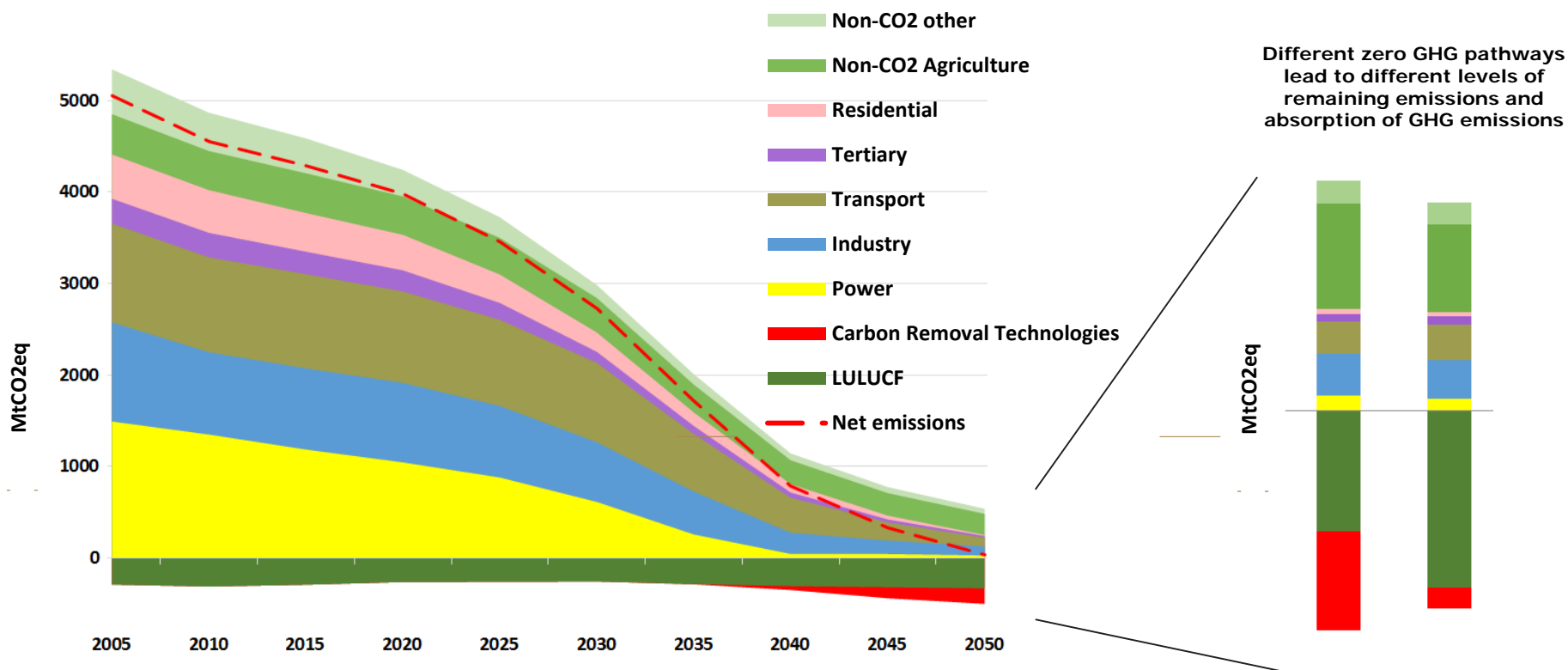
Innovation and Modernisation Fund

EMA meeting
21 May 2019

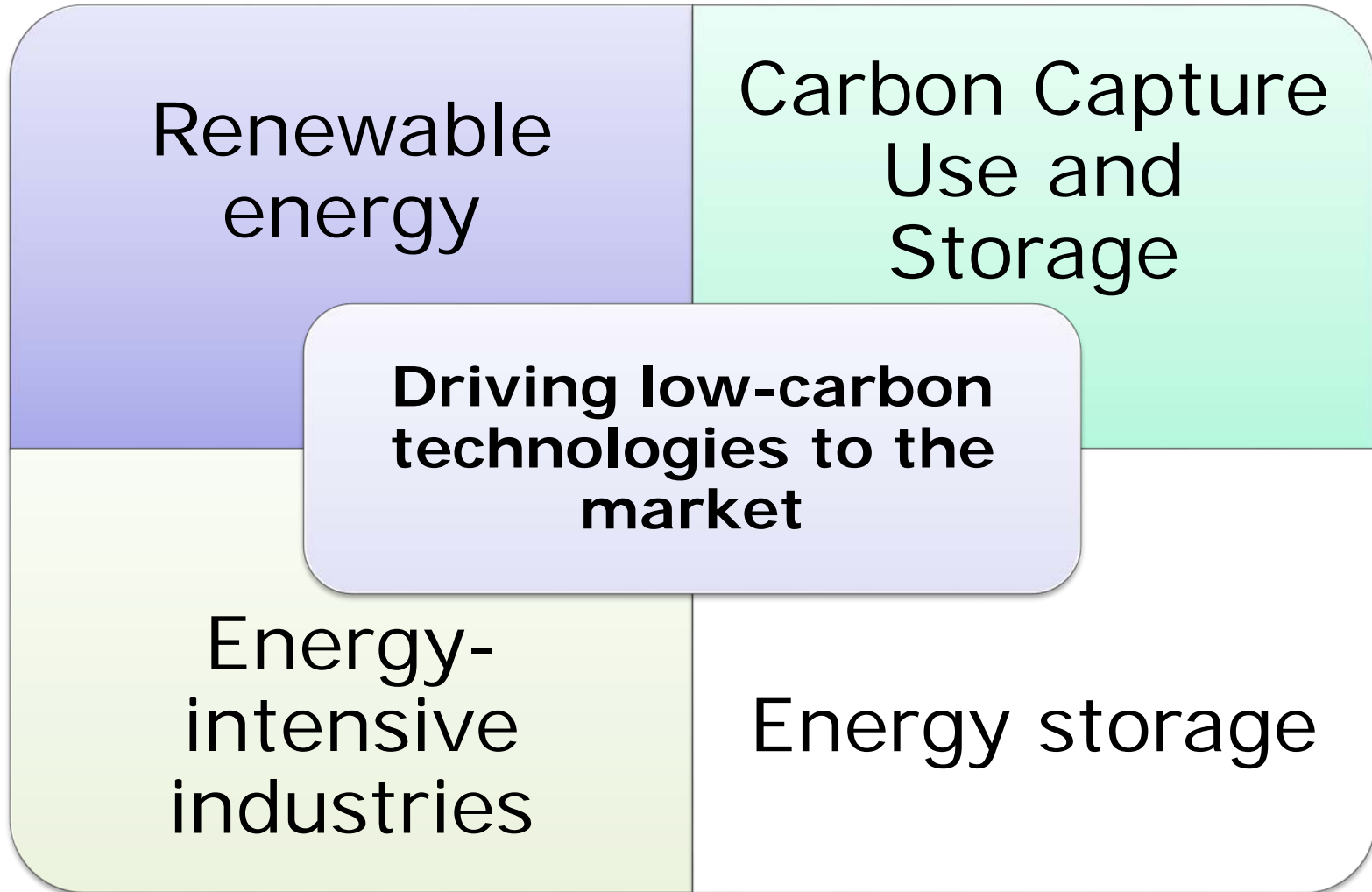
Roman Doubrava, DG CLIMA

Vision for a Clean Planet by 2050

Several pathways for a climate neutral Europe, challenging but feasible from technological, economic, environmental and social perspectives



Innovation Fund



Key features of the Innovation Fund

Volume of at least EUR 10 billion at current carbon prices

Support of up to 60% of additional costs related to innovative technology

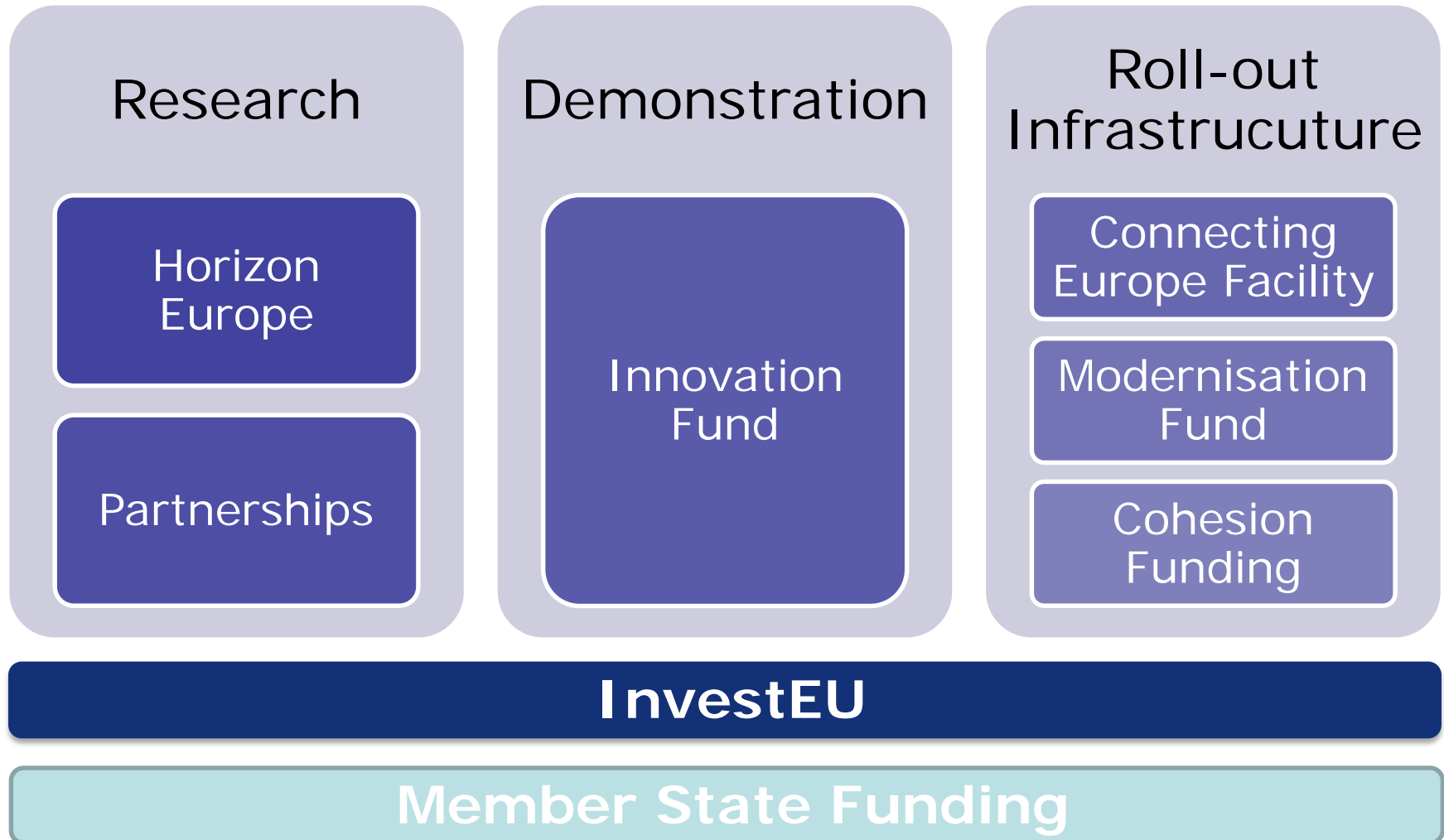
First call expected for 2020 and regular calls up to 2030

Financed from the revenues of the EU Emissions Trading System

Support of additional capital and operating costs (up to 10 years)

Comprehensive selection criteria and project development assistance

Synergies – Innovation Fund



Technology and business

Selection criteria

Greenhouse gas emissions avoidance

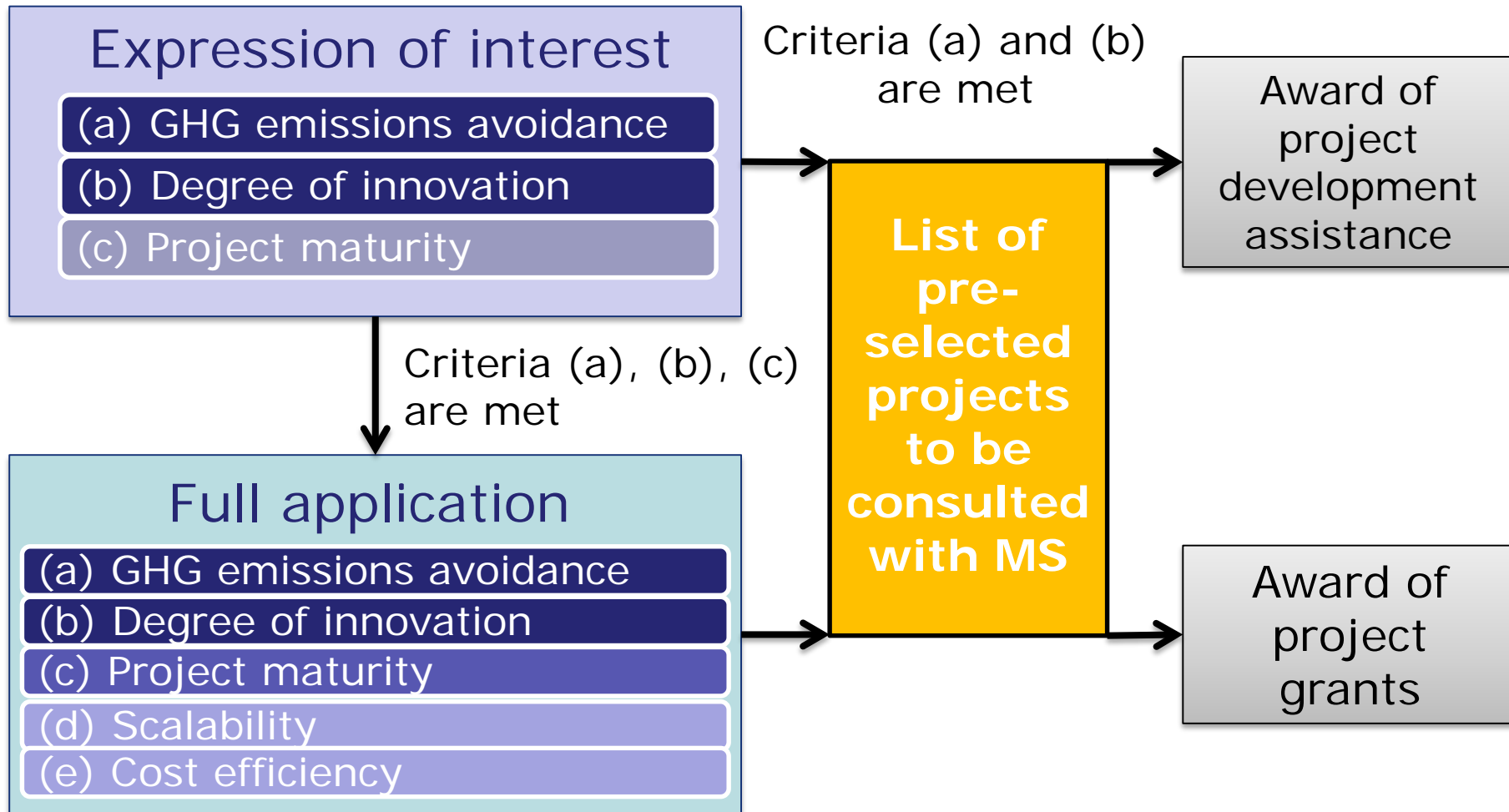
Degree of innovation

Project maturity

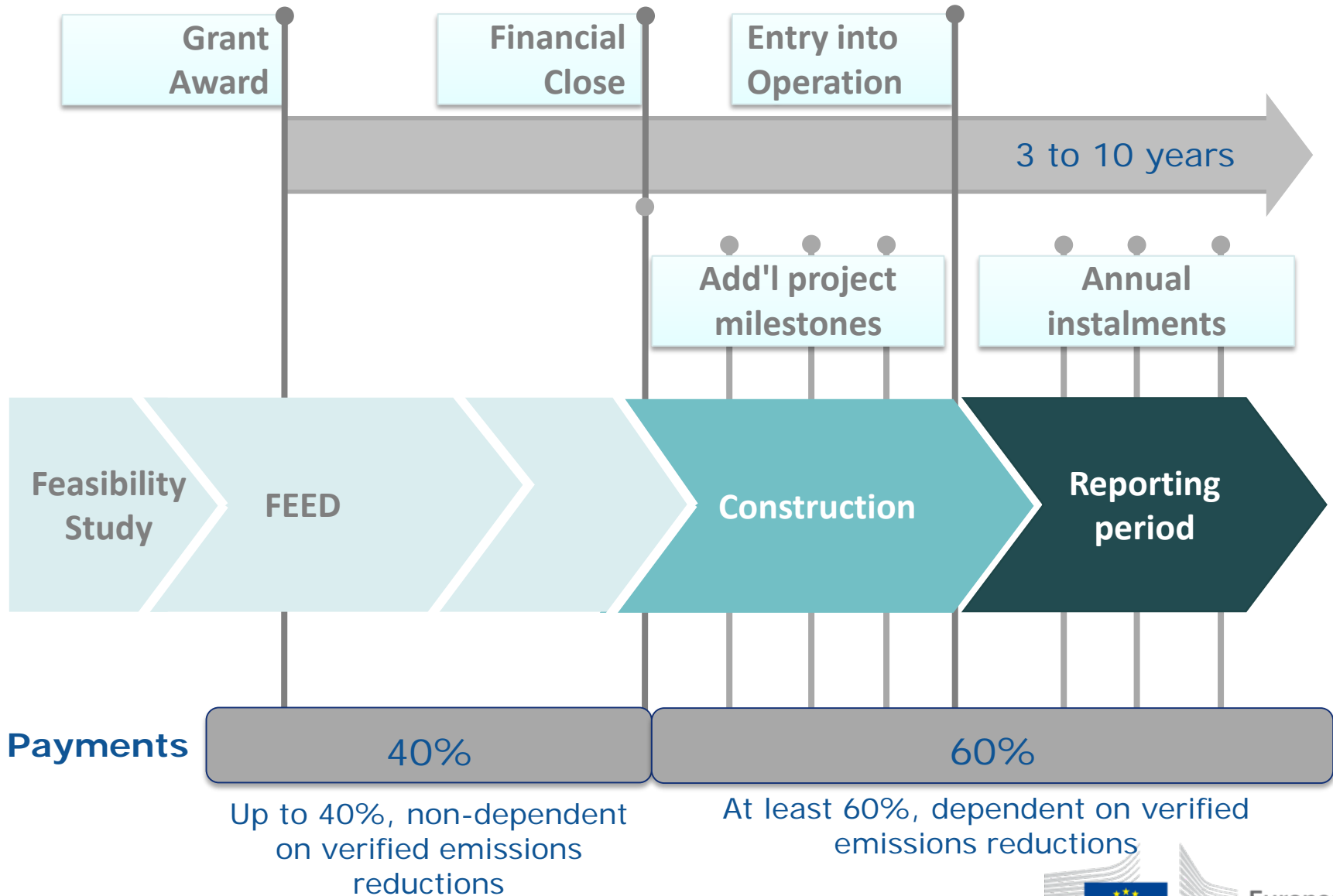
Scalability

Cost efficiency

Two-stage selection process



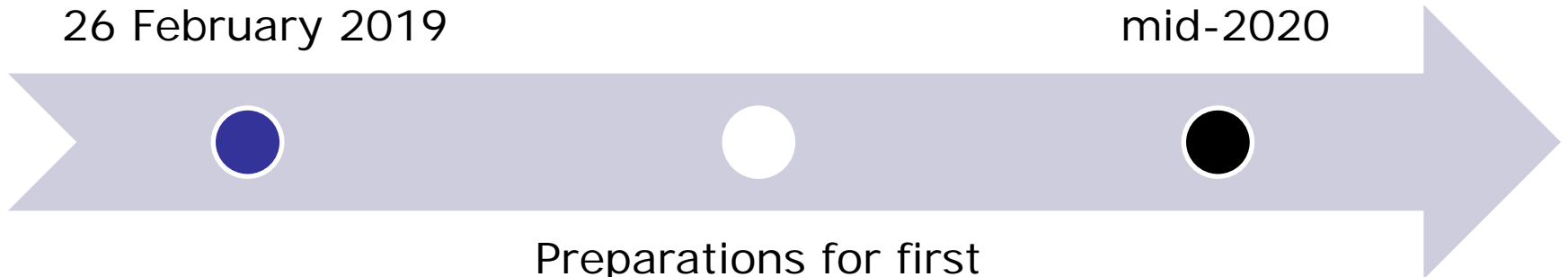
Support across project life-cycle



Timeline – Innovation Fund

Adoption Delegated
Regulation
26 February 2019

First call for
proposals
mid-2020



Preparations for first
call

Industry workshops

*Public consultation
on conditions for first
call*

Modernisation Fund

➤ Art. 10d of ETS Directive

- Support for modernisation of energy systems and just transition in 10 beneficiary Member States
- No solid fossil fuels can be supported, except district heating in BG & RO
- Size: 2% of total quantity of allowances
- Additional allowances can be transferred to the MF: *Article 10c and Article 10(2)(b) of the ETS Directive.*
- Auctioning of MF allowances will be done on common auction platform and in equal shares for each year (2021 to 2030).

BG	5.84%
CZ	15.59%
EE	2.78%
HR	3.14%
LV	1.44%
LT	2.57%
HU	7.12%
PL	43.41%
RO	11.98%
SK	6.16%

MF: general framework

The ETS Directive determines the general framework for MF operation:

- Definition of **priority areas** and limitations for solid fossil fuel investments
- **Disbursement decision** as a prerogative of the Commission
- Establishment, composition and responsibilities of the **Investment Committee**
- **Role of the EIB** (assessment of projects, member of the Investment Committee, monetisation, execution of payments)

Priority investments as defined in the ETS Directive

- Generation and use of **electricity from renewables**
- Improvement of **energy efficiency** (including in transport, buildings, agriculture and waste) **except** energy generation using **solid fossil fuels**
- **Energy storage**
- Modernisation of **energy networks**, including district heating pipelines, grids for electricity transmission, increase of interconnections between MS
- Just transition in carbon-dependent regions so as to support the **redeployment, re-skilling and up-skilling of workers, education, job-seeking initiatives and start-ups**, in dialogue with the social partners

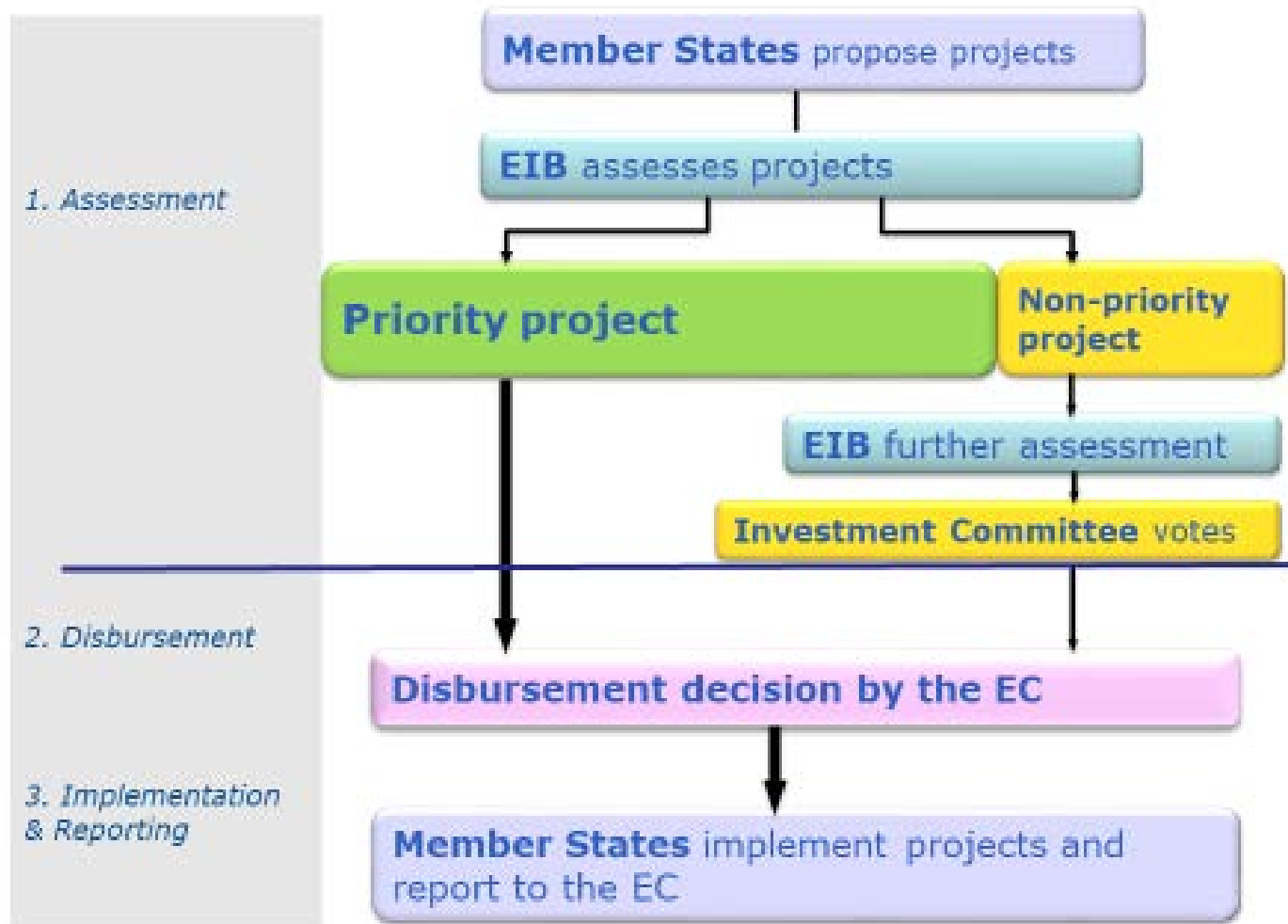
70% to 100% of Modernisation Fund

Main investment areas highlighted in stakeholder workshops

- *Electricity, heating and cooling from **renewable sources** (all Member States)*
- ***Energy efficiency of buildings** (almost all Member States)*
- ***Energy storage solutions**, both for RES coupling and grid stability*
- *Modernisation, digitalisation and interconnections of **grids***
- ***Electric mobility***
- ***Just transition***

The implementing act

Several aspects to be defined in the implementing act, e.g. along phases of a project lifetime, and other issues, e.g. governance details



2019 milestones

Discussion of
concept
paper in
CCC:

June 2019

Deadline for
10c
competitive
bidding:

**30 June
2019**

Deadline for
notification of
10c and
solidarity
transfer:

**30
September
2019**

Implementing
act submitted
to CCC:

Nov 2019

2020 - 2021 milestones

Implementing
act adopted:
Q1 2020

Investment
Committee
constitution:
**Q1/Q2
2020**

Investment
Committee
1st meeting:
**Q2/Q3
2020**

Entry into
operation
Q1 2021