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To:	General Secretariat of the Council
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Subject:	COMMISSION DECISION of XXX amending Commission Decision 2010/670/EU as regards the deployment of non-disbursed revenues from the first round of calls for proposals

Delegations will find attached document D051086/02.

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EUROPEAN
COMMISSION

Brussels, **XXX**
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COMMISSION DECISION

of **XXX**

amending Commission Decision 2010/670/EU as regards the deployment of non-disbursed revenues from the first round of calls for proposals

COMMISSION DECISION

of **XXX**

amending Commission Decision 2010/670/EU as regards the deployment of non-disbursed revenues from the first round of calls for proposals

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC¹, and in particular Article 10a(8) thereof,

Whereas:

- (1) Article 10a(8) of Directive 2003/87/EC establishes a mechanism for the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO₂ (hereinafter ‘CCS demonstration projects’) and demonstration projects of innovative renewable energy technologies (hereinafter ‘RES demonstration projects’), using 300 million allowances from the system for greenhouse gas emission allowance trading within the Union (‘EU ETS’) which were set aside for new entrants but not allocated.
- (2) In its Decision 2010/670/EU of 3 November 2010², the Commission laid down rules and criteria for the selection and implementation of those projects and basic principles for the monetisation of allowances and for the management of revenues.
- (3) By mid-2014, as a result of a first and second call for proposals, funds have been awarded to support the implementation of 39 RES and CCS demonstration projects in 20 EU Member States. However, given the challenging economic environment globally and in the EU, some of the 20 projects awarded under the first call for proposals, found it difficult to raise sufficient equity or to attract additional financiers. As a consequence, by 31 December 2016, 14 projects have reached their final investment decision in accordance with Article 9 of Decision 2010/670/EU and at least 436 million EUR related to the awarded projects for this first call for proposals have not been used.
- (4) The non-disbursed funds should be used to directly fund projects within the scope defined in Article 10a(8) of Directive 2003/87/EC. Moreover, considering the specific situation of highly innovative renewable energy and CCS demonstration projects, a part of financing should be provided in the form of grants.

¹ OJ L 275, 25.10.2003, p. 32.

² OJ L 290, 06.11.2010, p. 39.

- (5) In order to increase investment in these highly innovative projects in the energy sector in the EU, a priority recognised by the Commission in its Communication on Accelerating Clean Energy Innovation³, non-disbursed revenues from the first call for proposals should be redeployed without delay, and with priority, using the InnovFin EDP Facility under Horizon 2020⁴. This support would be complementary to existing and forthcoming financial support, such as grants under Horizon 2020.
- (6) In order to increase investment in these highly innovative projects in the transport sector, eligible projects should only promote innovative, replicable and scalable use of renewable energy using the Debt Instrument in the sector of transport under Connecting Europe Facility⁵.
- (7) Projects awarded under the first or second call for proposals that have reached final investment decisions and are under implementation will be deemed eligible for applying to the relevant financial instrument.
- (8) In order to raise broad public awareness about the relevant financial instruments the Commission and the European Investment Bank Group will continue to regularly organise dedicated technical workshops for Member States and project sponsors.
- (9) The Commission will report sufficiently in advance to the Climate Change Committee on the development of the relevant Delegation Agreements between the Commission and the European Investment Bank, in particular as regards the related eligibility criteria, implementation of the relevant financial instruments, especially the build-up of the project pipeline, assessment of the project applications and finally on the use of the redeployed revenues, and take appropriate account of the views of Member States.
- (10) The measures provided for in this Decision are in accordance with the opinion of the Climate Change Committee,

HAS ADOPTED THIS DECISION:

Article 1

Decision 2010/670/EU is amended as follows:

1. In Article 2, the following paragraph 4 is inserted:

"4. Any non-disbursed revenues from the first round of calls for proposals shall be available to support first-of-a-kind innovative, replicable and ready to demonstrate at scale CCS and RES demonstration projects, using relevant financial instruments managed by the European Investment Bank Group, with a priority given to the

³ C(2016) 763 final.

⁴ Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decisions 2006/971/EC, 2006/972/EC, 2006/973/EC, 2006/974/EC and 2006/975/EC, OJ L 347, 20.12.2013, p. 965.

⁵ Regulation (EU) 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010, OJ L 348, 20.12.2013, p. 129.

InnovFin EDP Facility and the Debt Instrument in the sector of transport under Connecting Europe Facility.

The preceding paragraph, Articles 6, 8, 11(1) to (5), the first and second subparagraphs of Article 11(6) and Article 13 shall not apply to the use of these revenues.

The Commission shall report sufficiently in advance to the Climate Change Committee on the development of the relevant Delegation Agreements between the Commission and the European Investment Bank, in particular as regards the related eligibility criteria, implementation of the relevant financial instruments, especially the build-up of the project pipeline, assessment of the project applications and finally on the use of the redeployed revenues, and take appropriate account of the views of Member States".

2. The following paragraph is added in Article 14:

"The Commission shall report regularly to the Climate Change Committee on the use of the revenues referred to in Article 2(4), including upfront information on the planned support for projects and the part of support to be made available in the form of grants, geographical distribution of projects, scale of projects and technological coverage, ex-post information on the progress of realization of projects, avoidance of CO₂ emissions, financial leverage, awareness-raising and lessons learned, as appropriate."

Article 2

This Decision is addressed to the Member States.

Done at Brussels,

For the Commission

Miguel ARIAS CAÑETE

Member of the Commission