



Council of the European Union  
General Secretariat

**Brussels, 21 February 2022**

---

---

**Interinstitutional files:  
2021/0214 (COD)**

---

---

**WK 2527/2022 INIT**

**DOCUMENT PARTIALLY  
ACCESSIBLE TO THE PUBLIC  
(29.04.2024)**

**LIMITE**

**ENV  
CLIMA  
UD  
FISC  
ECOFIN**

*This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.*

#### **MEETING DOCUMENT**

---

**From:** General Secretariat of the Council  
**To:** Delegations

---

**Subject:** Innovation Fund - presentation by the European Commission

---

Delegations will find attached the presentation by the European Commission concerning the Innovation Fund.



# Innovation Fund

21 February 2022

  
DG Climate Action



# Innovation Fund

Production and use of  
Renewable energy

*including manufacturing plants for  
components*

Carbon Capture Use and  
Storage

**Scaling up clean tech**

Energy-intensive  
industries

*including substitute products*

Energy storage

*including manufacturing plants for  
components*

# Key features

Financed from the revenues of the EU Emissions Trading System  
450 m EUA for 2021-2030  
+ unspent NER300 funds

Volume: EUR 25 billion\* until 2030 (depending on carbon price)  
\*at EUR 50 / tCO<sub>2</sub>

**Grants:** Large projects  
CAPEX >€7,5M:  
Support of up to 60% of additional CAPEX and OPEX

**Grants:** Small projects  
Between €2,5 and € 7.5M CAPEX  
Support up to 60% of CAPEX

**Grants:** Up to 40% of grant disbursed before financial close

**Grants:** Up to 60% of grant disbursed during construction and 10-years operating period against GHG emission avoidance  
Small scale projects – shorter 3-years period

**Grants:** Annual calls for large-scale and small-scale projects

Single applicant or consortium  
Projects must be implemented in the EU, NO and IC

Project development assistance

**InvestEU:** Green Transition Investment Facility: top-up of blending operations

# Award Criteria

## DEGREE OF INNOVATION

- Beyond state-of-the-art\*
- **Only for LSC:** Contribution to EU policy objectives: EE, RE, circularity

## GHG EMISSIONS AVOIDANCE\*

- Absolute emissions avoidance
- Relative emissions avoidance
- Quality of calculation  
Net carbon removals  
Other GHG savings

## PROJECT MATURITY\*

- Technical maturity
- Operational maturity
- Financial maturity

## SCALABILITY\*

- Market potential
- *Project & regional level*
  - *Sector level*
  - *Economy level*

## COST EFFICIENCY

EU contribution requested per tCO<sub>2</sub> avoided

*Min criteria: beyond incremental innovation, below ETS benchmarks, sustainable biomass feedstocks, sufficiently mature and scalable*

# Results of first calls

**Call for large-scale projects**



Grants of EUR 1145 million for 7 projects



Project development assistance for 15 projects

**Call for small-scale projects**



Grants of EUR 109 million for 30 projects



Project development assistance for 10 projects

# Innovation Fund grants of € 1145 million for seven first-of-a-kind projects

## Kairos-at-C - Port of Antwerp (BE)

- Carbon capture from hydrogen, ammonia and ethylene oxide production and storage in North Sea, innovative shipping

## BECCS Stockholm (SE)

- Bio-energy carbon capture at a combined heat and power plant and storage in North Sea – negative emissions

## K6 (FR)

- CCUS at cement plant with storage in North Sea and carbon use for concrete production

## SHARC (FI)

- Green hydrogen from water electrolysis and blue hydrogen with CCS, storage in North Sea

## Hybrit (SE)

- Hydrogen-based direct reduction for steelmaking, including electrolyser

## ECOPLANTA (ES)

- Bio-based methanol from municipal waste

## TANGO (IT)

- Bifacial heterojunction photovoltaic cells production at GW scale



# Innovation Fund – 2<sup>nd</sup> call for large-scale projects

**Grants of EUR  
1.5 billion**

50% increase  
compared to first call

Project development  
assistance available  
for 20 promising  
projects

**Call text  
largely similar  
to first call**

Only targeted  
improvements based  
on feedback from first  
calls

Easy resubmission  
for the projects which  
were not selected in  
the 1<sup>st</sup> call

Stable documents to  
allow better guidance  
for new applicants

**Already open**

Launched on 26  
October 2021

Submission deadline  
on 3 March 2022

Results from single-  
stage evaluation  
expected for Q3 2022

# ETS Directive revision proposal

## Article 10a(8) – Innovation Fund and carbon contracts for difference

### Extended scope

#### Sector coverage:

- Annex III (buildings and road transport ) sectors - *new*
- Maritime and aviation sectors - *new*
- Special attention to CBAM sectors – *new*

#### Design changes:

- Competitive tendering mechanisms with up to 100% support such as carbon contracts for difference – *new*

## Article 10a(8) – Innovation Fund and carbon contracts for difference

### Changes in volume

- **365 M** from the allowances to be allocated for free (325 M previously)
- **85 M** from auctioning (75 M previously)
- Aviation unused allowances from closures
- FuelEU Maritime revenues to be allocated
- 150 M from the road transport and buildings emission trading, Art30d (3)
- Allocation not granted to CBAM sectors

# Competitive bidding / Carbon contracts for difference

- ETS Directive revision proposal creates the basis for “competitive bidding” mechanisms of “up to 100%” of relevant costs\*
- In combination with increased revenues for IF, it can further foster initial deployment of innovative low carbon technologies in industry and enhance competitiveness across the EU through innovation
- Market-based mechanisms such as C(C)fD:
  - Allocate risk more efficiently between the public and private sector
  - Increase the cost efficiency of subsidies by inducing competition and leveraging private sector capital
  - Integrate neatly into the existing carbon pricing signal

# Where to find more information?



All (past) call documents available on the Funding and Tenders Portal including:

- ✓ Guidance and calculation tools on GHG emissions and relevant costs

✓ Frequently asked questions  
<https://europa.eu/QB67by>



Further info, planning of new calls, recorded webinars and videos available on the IF Website:

<https://europa.eu/rx34Dt>



Innovation Fund - YouTube

<https://bit.ly/2WxK8w7>

