

INNOVATION FUND

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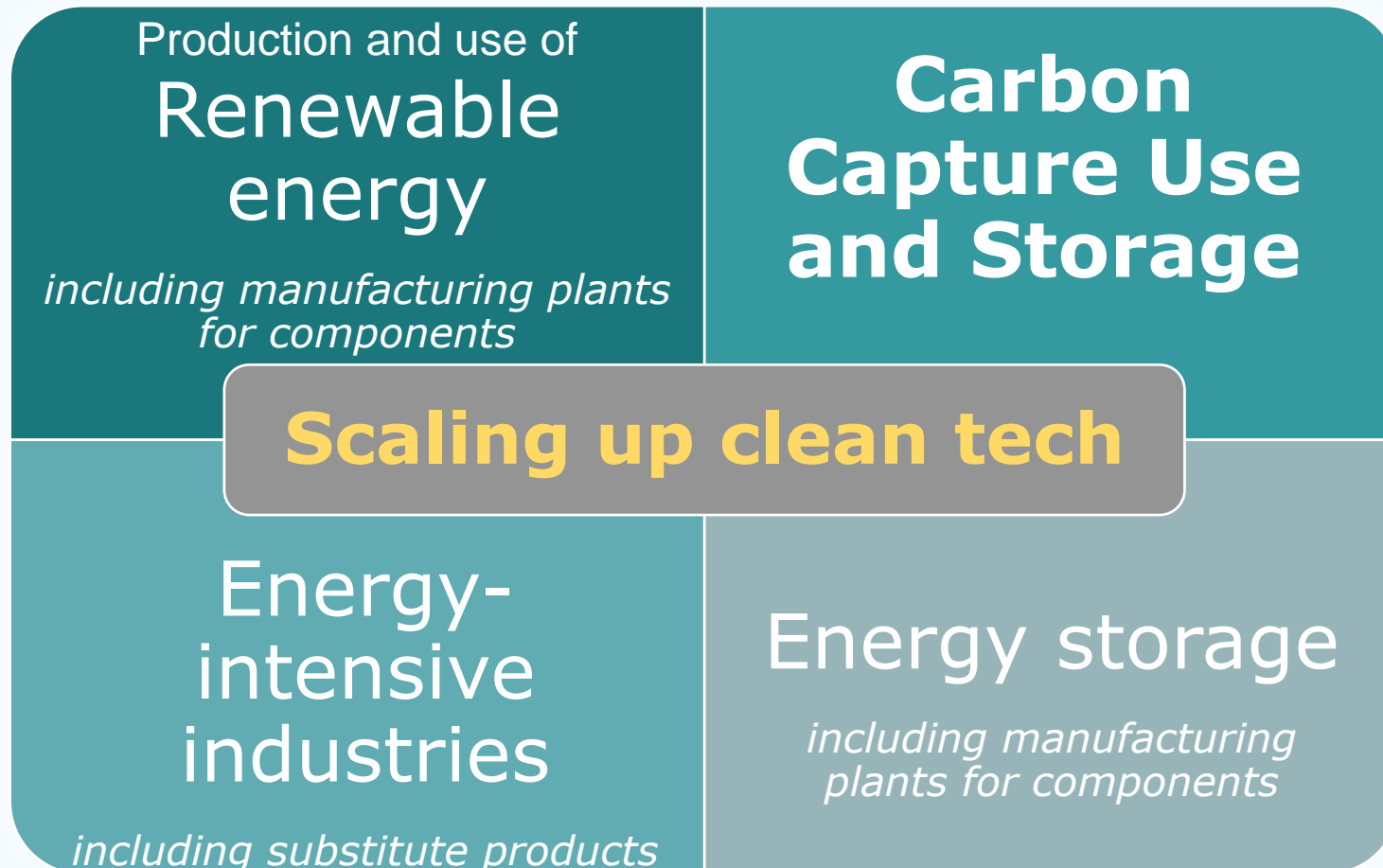
European Climate, Infrastructure and Environment Executive Agency (CINEA)



**SUSTAINABLE
ENERGY WEEK**

EXTENDED PROGRAMME
11-22 OCTOBER 2021
TOWARDS 2030: RESHAPING THE EUROPEAN ENERGY SYSTEM
#EUSEW2021

INNOVATION FUND IN A NUTSHELL



KEY FEATURES

Financed from the revenues of the **EU Emissions Trading System**

Volume: **EUR 25 billion*** until 2030 (depending on carbon price)
**at EUR 50 / tCO₂*

Large projects: Support of up to **60% of additional capital and operating costs** (up to 10 years)
Small projects: **up to 60% of CAPEX**

Up to 40% of grant disbursed at financial close (FC)

At least 60% of grant disbursed after FC and during **10-years** operating period against GHG emission avoidance
Small scale projects – shorter **3-years** period

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 provided by the European Investment Bank

SMALL SCALE PROJECTS KEY FACTS



Launch

1 Dec 2020

Deadline

10 Mar 2021



100M€

+

Project Development Assistance



232 Proposals

175 admissible and eligible



6 Experts

AWARD CRITERIA

Degree of innovation*

Scalability

GHG avoidance

Cost efficiency

Project maturity

*BONUS for degree of innovation criterion

Direct air capture

Net carbon removal or substitute products

GRANT DISTRIBUTION

LUMP-SUM contribution

**up to 40% of grant at financial close and
grant covering up to 60% of the CAPEX**

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












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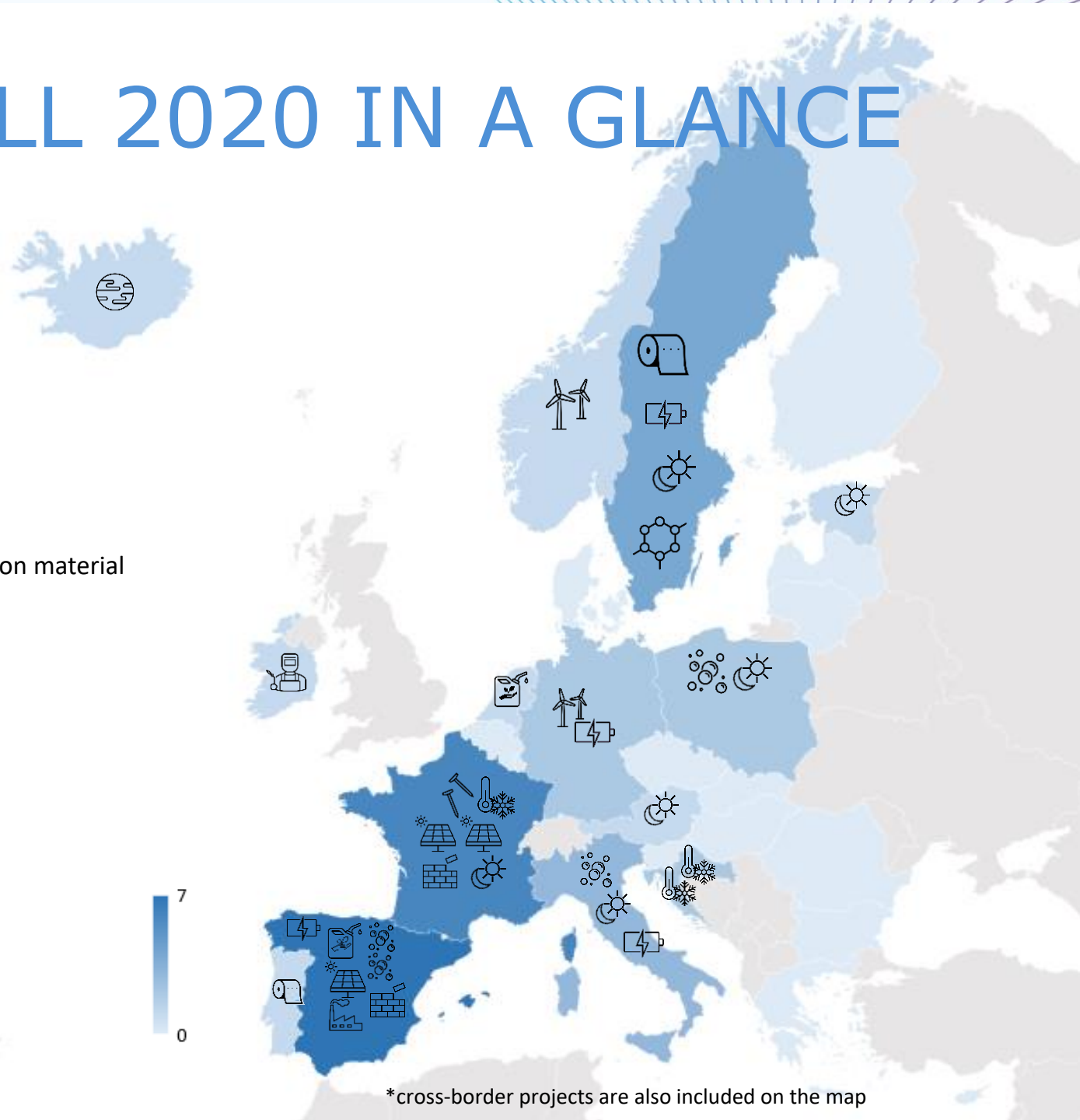
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SMALL SCALE CALL 2020 IN A GLANCE

- 32 projects cover 14 different sectors and 12 Member States + Norway and Iceland
- France, Spain and Sweden have the highest number of selected projects

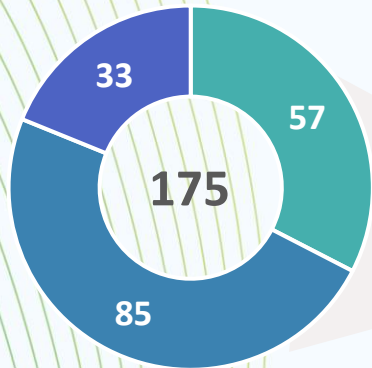
 Solar energy	 Chemicals
 Wind energy	 Glass, ceramics and construction material
 Biofuels and biorefineries	 Hydrogen
 Renewable heating/cooling	 CO2 transport and storage
 Iron and steel	 Refineries
 Non-ferrous metals	 Intra-day electricity storage
 Pulp and paper	 Other energy storage



*cross-border projects are also included on the map

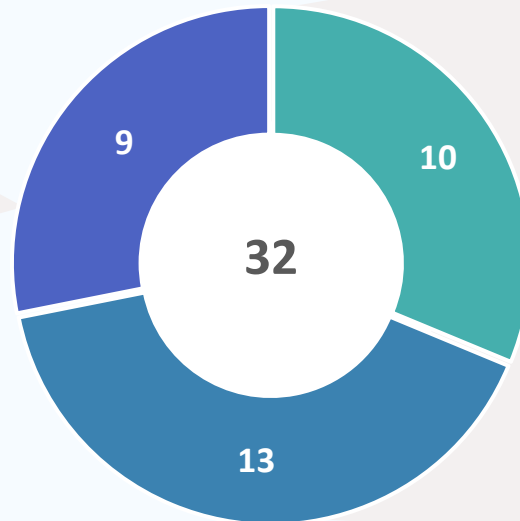
SECTOR REPRESENTATION

Eligible projects by category

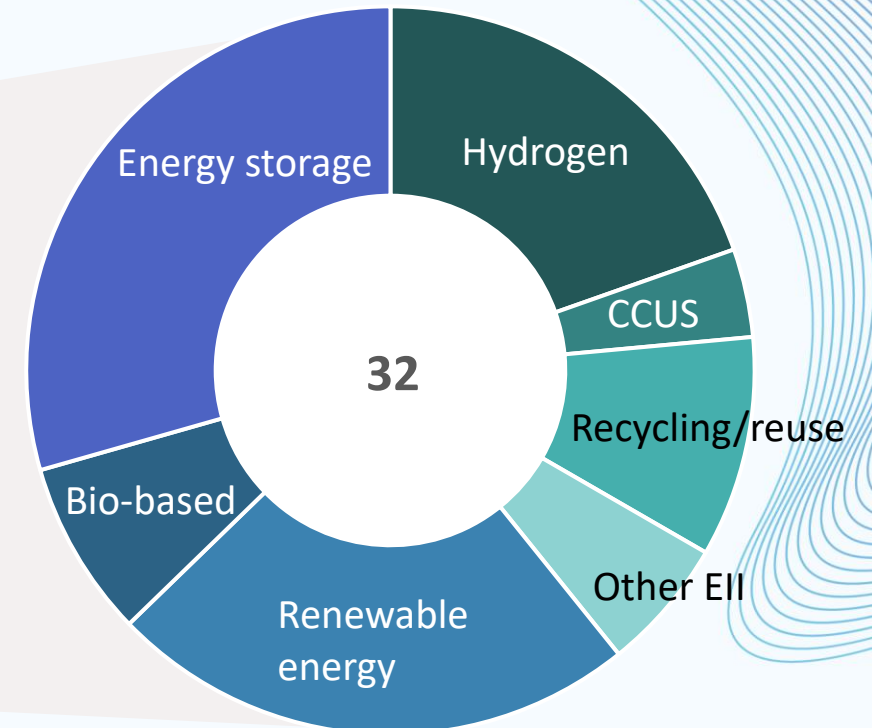


- Renewable Energy
- Energy Intensive Industry
- Energy Storage

Selected projects by category



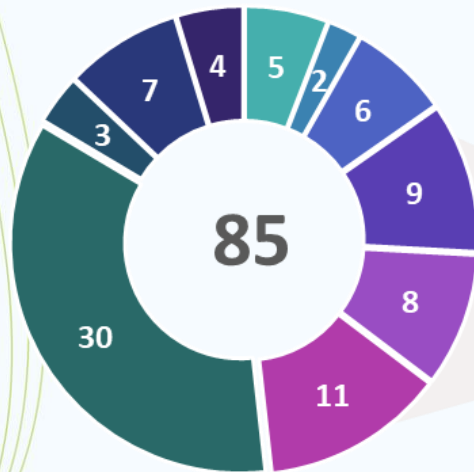
Breakdown by technological pathway



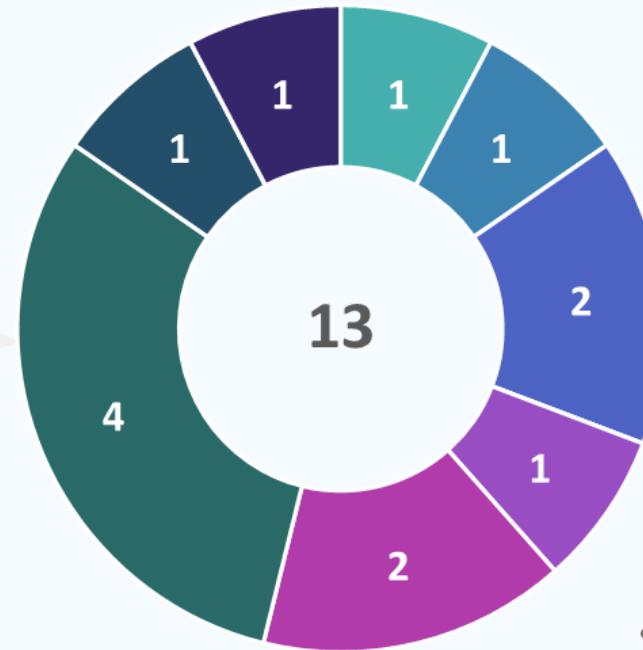
Legend: High-level screening of applied technological pathways. Classification of projects can be overlapping. Other Energy intensive industries (EII) = New process/product and Electrification

ENERGY INTENSIVE INDUSTRY: MANY SECTORS REPRESENTED

Eligible projects



Projects selected for grant preparation



- Sectors with more selected projects cover **hydrogen, chemicals, and glass, ceramics & construction material**

All eligible projects in **cement & lime and other sectors** failed either minimum requirements or minimum thresholds

- **Success rate** of Energy Intensive Industry: 15%

- Iron and steel
- Pulp and paper
- Chemicals
- Hydrogen
- Other sector(s)

- Non-ferrous metals
- Cement and lime
- Glass, ceramics & construction mat
- CO2 transport and storage
- Refineries



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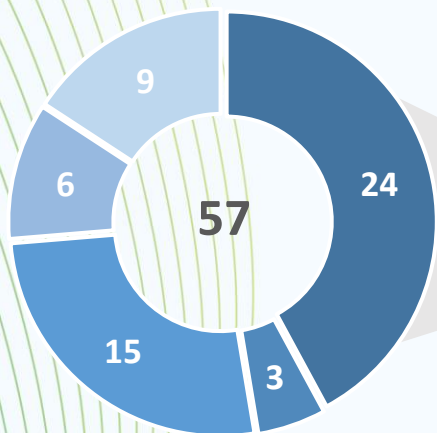
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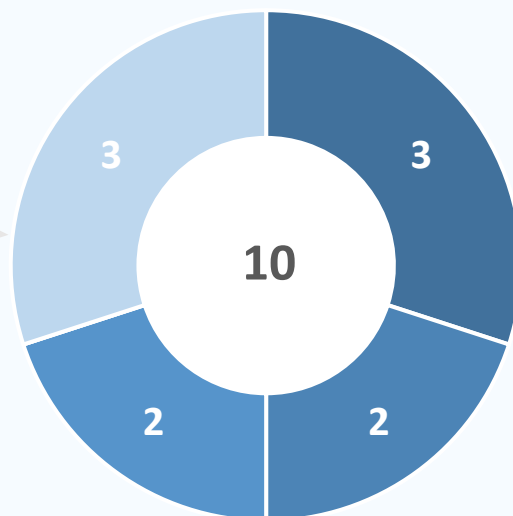
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RENEWABLE ENERGY

Eligible projects



Projects selected for grant preparation

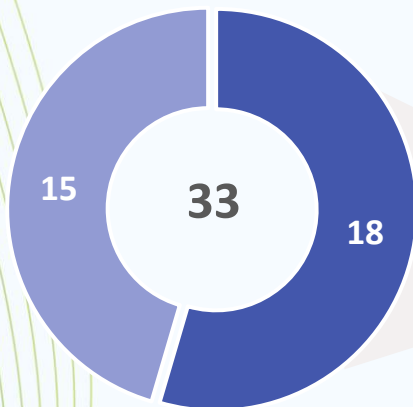


- Solar energy
- Biofuels and biorefineries
- Renewable heating/cooling
- Wind energy
- Hydro/Ocean energy

- 2 out of the 3 eligible **wind energy projects** were selected for grant preparation
- Only a few eligible **solar, biofuels and biorefineries projects** were selected
- All eligible projects in **hydro/ocean energy** failed criteria minimum thresholds
- Success rate of renewable projects: 18%

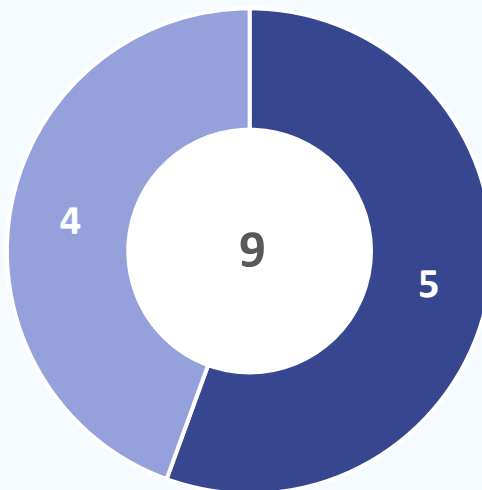
ENERGY STORAGE

Eligible projects



- Intra-day electricity storage
- Other energy storage

Projects selected for grant preparation



- Both intra-day electricity storage and other energy storage
- Relatively high success rate - 27%

RECOMMENDATIONS ON HOW TO PREPARE GOOD PROPOSAL

- **Start well on time** preparing your application.
- **Read carefully all the requirements** (including the admissibility and eligibility ones) and call documentation. Check the related videos and available guidance.
- **Do not wait the last day to submit** and make sure to have all the supporting documents ready. Use the Helpdesk.
- **Follow the IF methodologies and templates**. Focus on evidenced and correct financial and technical data.
- **Be realistic in your assumptions and calculations**.
- **Ensure consistency of claims and numbers across your documentation**: always have somebody (that was not involved in the preparation of the proposal) checking the proposal documents
- **Do not underestimate the risk analysis**: comprehensive risk assessment and convincing mitigation measures are key.

TIPS AND TRICKS (1)

GHG Calculation

- Follow properly the Innovation Fund GHG emissions methodology
- Use the provided GHG calculation tool
- Document and properly reference all assumptions and emissions factors

Degree of Innovation

- Establish the relevant State-of-the-Art in a comprehensive manner
- Explain in detail why the innovation goes beyond incremental innovation
- Provide key performance data evidenced in the feasibility study and other documentation

Scalability

- Present a clear and comprehensive communication & dissemination strategy
- Clearly present how IPR and licensing issues would be handled for e.g. technology transfer at sector level
- Provide detailed assumptions regarding the expected cost reductions based on e.g. economies of scale, avoid Greenwashing claims – unsubstantiated, generic claims about greening the economy

Technical Maturity

- Properly associate WPs with activities and with their planned costs
- Define a timeline that is comprehensive, realistic and consistent with your project's technical and financial elements
- Underpin any information you provide on technical maturity with credible evidence (including due diligence report where available)

TIPS AND TRICKS (2): FINANCIAL MATURITY

- Provide a full financial model covering the entire project lifetime and consistent with the project milestones.
- Ensure that the financial projections are coherent with the assumptions of the business plan and across the other application documents.
- Ensure that the assumptions used for the WACC adequately reflect the risks of the project.
- Fully describe and substantiate the main revenues and cost assumptions: be transparent on your CAPEX assumptions and avoid to underestimate them to fall within the eligibility criteria
- Justify the cost contingencies assumed and ensure that they are in line with market practice in your sector

- Ensure that the level of debt assumed is supported with stable cash flows to be demonstrated by long-term off-take contracts
- Provide contractual evidence (e.g., letters of support, MoUs, indicative terms of agreement) for off-take agreements, key suppliers, EPC parties
- Provide evidence of credible support by your project owners (e.g., binding letters of support, MoU, indicative terms of agreement)
- If the project is planning to raise external debt, justify the key terms assumed, expected cash flows and that it is in line with market standards. If possible, provide letters from banks/debt investors to support these assumptions.
- If additional public funding sources are foreseen, describe potential contingency measures in case this public support does not materialize

CONCLUSION

- The Innovation Fund supports the Green Deal with a growing portfolio of **innovative and mature** projects starting with the 32 small-scale call projects
- The IF small-scale projects aim to deliver overall more than **42,6 MtCO2*** avoided
- The European Union is investing **EUR 118,4 million** in the small scale projects triggering investments for EUR 1.04 billion.
- All the selected project have wider impacts at the level of the region, sector and wide economy
 - ✓ Get ready for the next SSC planned for spring 2022
 - ✓ Check our websites and video from the SSC webinar on 12/10 for more detailed tips and tricks
 - ✓ Join us as an expert evaluator

* This includes an outlier project with 36 MtCO2 of GHG emissions to be avoided



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GET READY

New Large Scale Call

- Expected **launch** of single-stage call on **26 October 2021**
- Expected deadline for **submission** in beginning **March 2022**
- Expected results in July 2022
- Expected **volume** of EUR 1.5 billion

New Small Scale Call

- Expected **launch** of single-stage call in **March 2022**
- Expected deadline for submission late **August 2022**
- Expected results in Q1 2023
- Expected **volume** of EUR 100 million

NEXT EVENTS



- **4 November 2021**
- Mobilising finance for clean tech deployment
- During COP26 →
- Check DG CLIMA website
https://ec.europa.eu/clima/eu-action/innovation-fund_en



- **10 November 2021**
- Webinar Innovation Fund | Second call for Large-scale projects
- Check CINEA's website
- https://cinea.ec.europa.eu/innovation-fund_en

WHERE TO FIND MORE INFO



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>



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