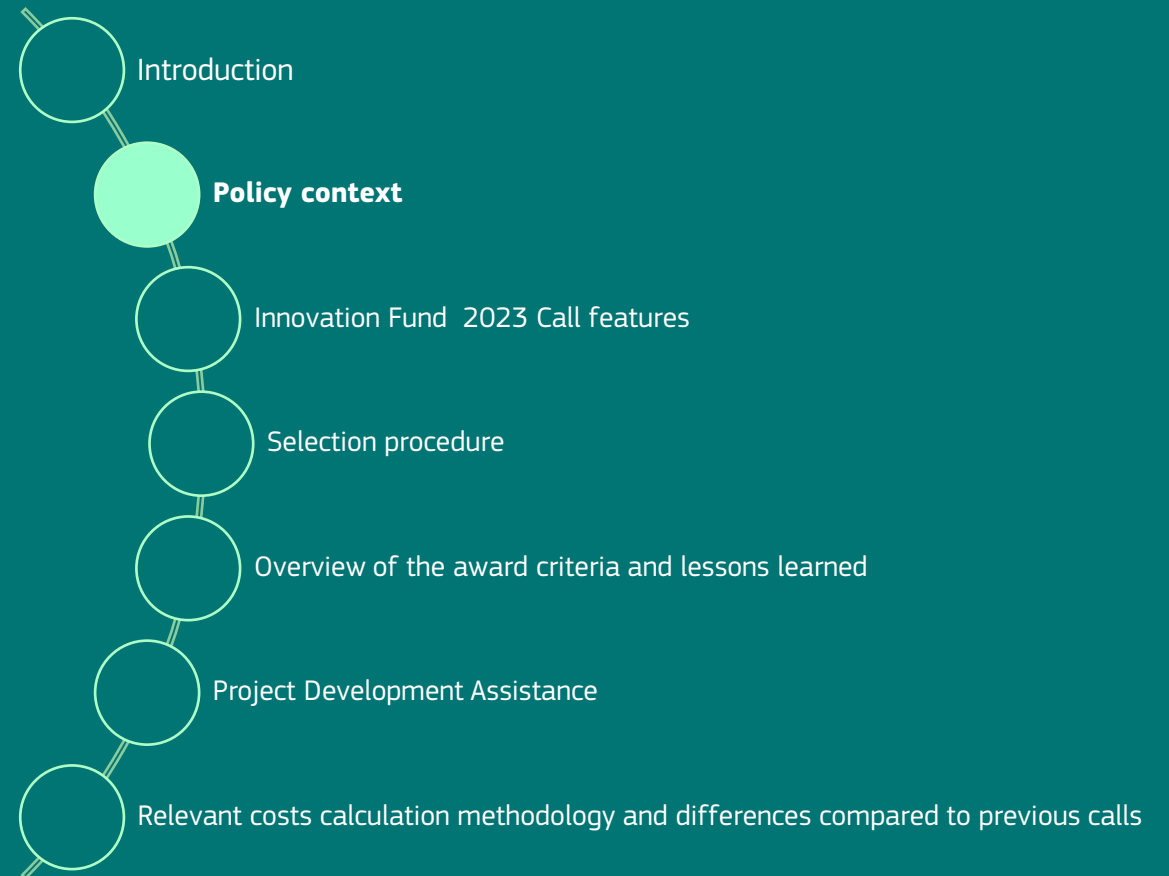
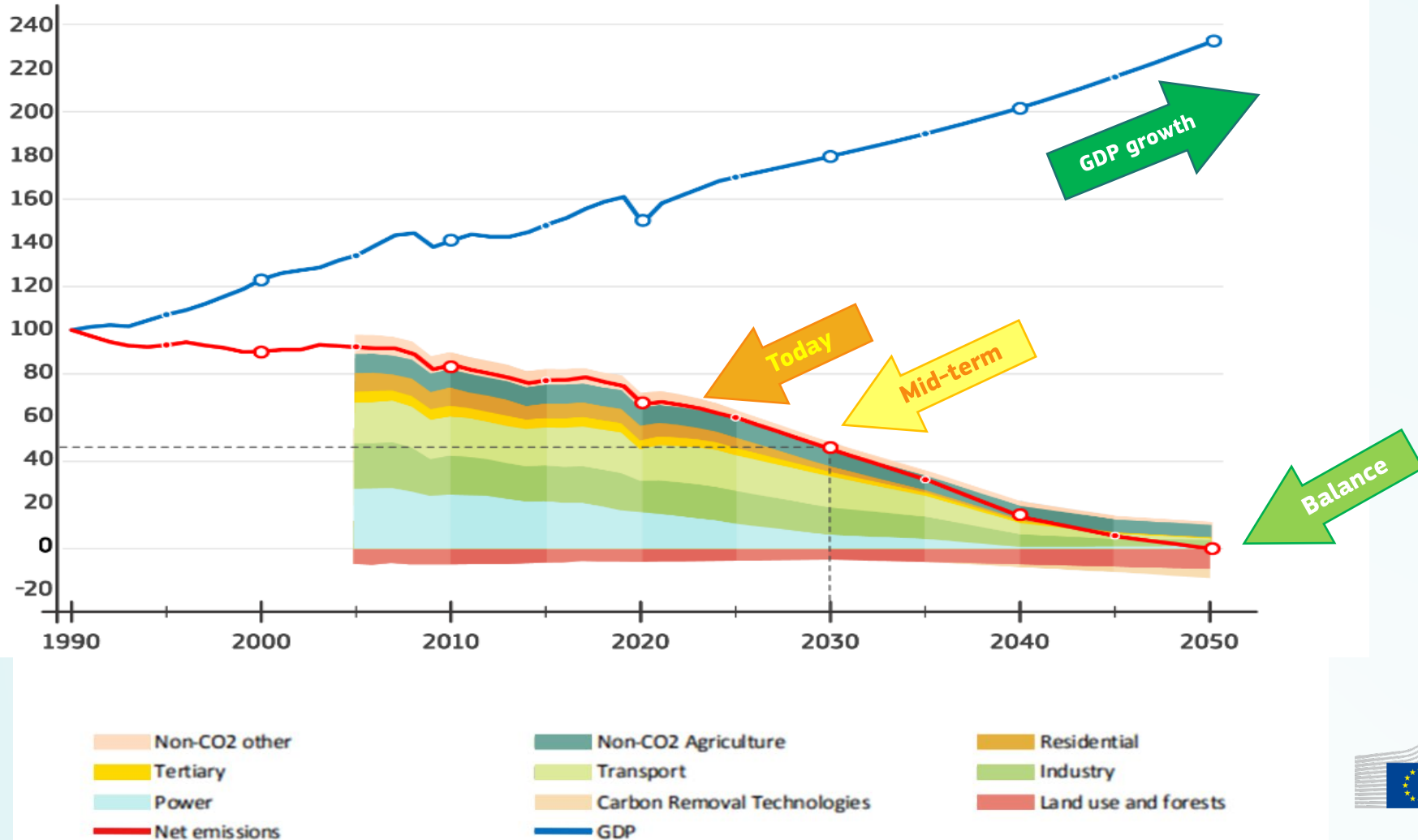


Policy context

Alex PAQUOT, Director
DG CLIMA C, Innovation for a Low Carbon,
Resilient Economy



The EU's pathway to prosperity and climate neutrality



Contributing to the EU Green Deal



Cleaning our Energy system



Making transport sustainable for all



Renovating buildings



Transforming our economies and societies



Working with nature to protect our planet and health



Leading the third industrial revolution



Boosting global climate action

- Innovation Fund focuses on **highly innovative technologies** and **flagship large-scale demonstration** or **first-of-a-kind projects**, located in the EEA that can deliver **significant GHG emission reductions**.

- After revision of the ETS Directive the Innovation Fund can implement **competitive bidding** mechanisms to reward the most cost-efficient projects with a lighter selection procedure.

- Since 2020 the Innovation Fund has selected **more than 100 projects** that have the potential to **avoid more than 470 million tonnes of CO₂eq.**

Key changes following the Fit-for-55 package

Revised ETS Directive includes changes on:



1. The overall size of the Innovation Fund increased from 450 million ETS allowances to ca. **530 million ETS allowances**.



2. **Scope changes:** new sectors (e.g. maritime); medium-scale projects; DNSH from 2025; stronger reference to multiple environmental impacts.



3. The introduction of **new financial instruments** under the Fund (“Competitive Bidding”): Fixed premium, Contracts for Difference (CfDs) or Carbon Contracts for Difference (CCfDs), covering up to 100% of the funding gap



4. Stronger attention to **geographical balance**.

The Innovation Fund can support urgent policy priorities, but holds a long-term line of bottom-up support across sectors



- **RePowerEU** objective of 10Mt of renewable H₂ domestic production.
- **Net-Zero Industry Act**: clean tech manufacturing topic (€700 million in 2022, €1.4 billion in 2023).
- **European Hydrogen Bank**: first pilot auction under the Innovation Fund.

STEP and the Innovation Fund

The EU answers to the need to boost investments in critical technologies:

- reinforcing, leveraging and steering EU funds to investments in deep, digital, clean and bio-technologies;
- introducing the Sovereignty seal, a European quality label for projects.



Innovation Fund to be **increased by €5 billion** (financed from MFF from 1 January 2024 to 31 December 2027).

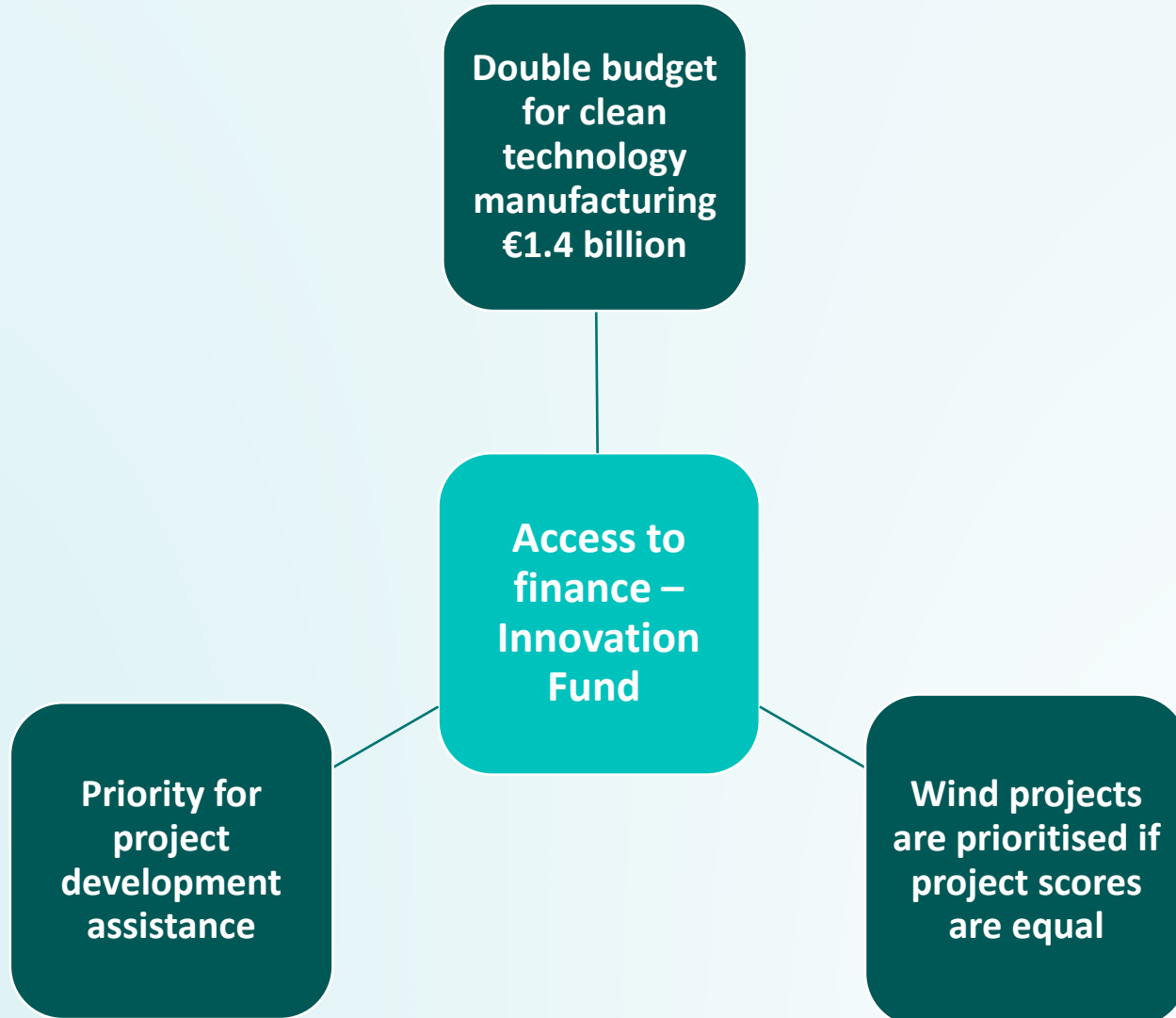


A **Sovereignty Seal** will be awarded to proposals contributing to the STEP objectives provided the proposals have been assessed and comply with the minimum quality requirements and regardless of whether the proposal has received funds.



Working to maximise synergies between IF and the State aid rules to ensure a more streamlined process.

Wind package and the Innovation Fund



- Accelerating wind power deployment given **domestic deployment challenges** coupled with **surging international competition**
- **6 key pillars**
 1. acceleration of deployment through increased predictability and faster permitting,
 2. improved auction design,
 3. **access to finance,**
 4. creating a fair and competitive international environment,
 5. skills
 6. industry engagement and Member State commitments

Outlook 2024

Analyse the project pipeline and stakeholder consultations

- The applications to the 2023 calls for grants and auctions and stakeholder consultations will inform policy decisions
- Innovation Fund support for the batteries value chain

Prepare next calls for proposals for autumn 2024

- Based on resources available

Strengthened Project Development Assistance (technical and financial support from the European Investment Bank (EIB) to improve project maturity)

- Geographical and sectoral balance. Priority for wind energy and maritime projects