



# Innovation Fund Policy context

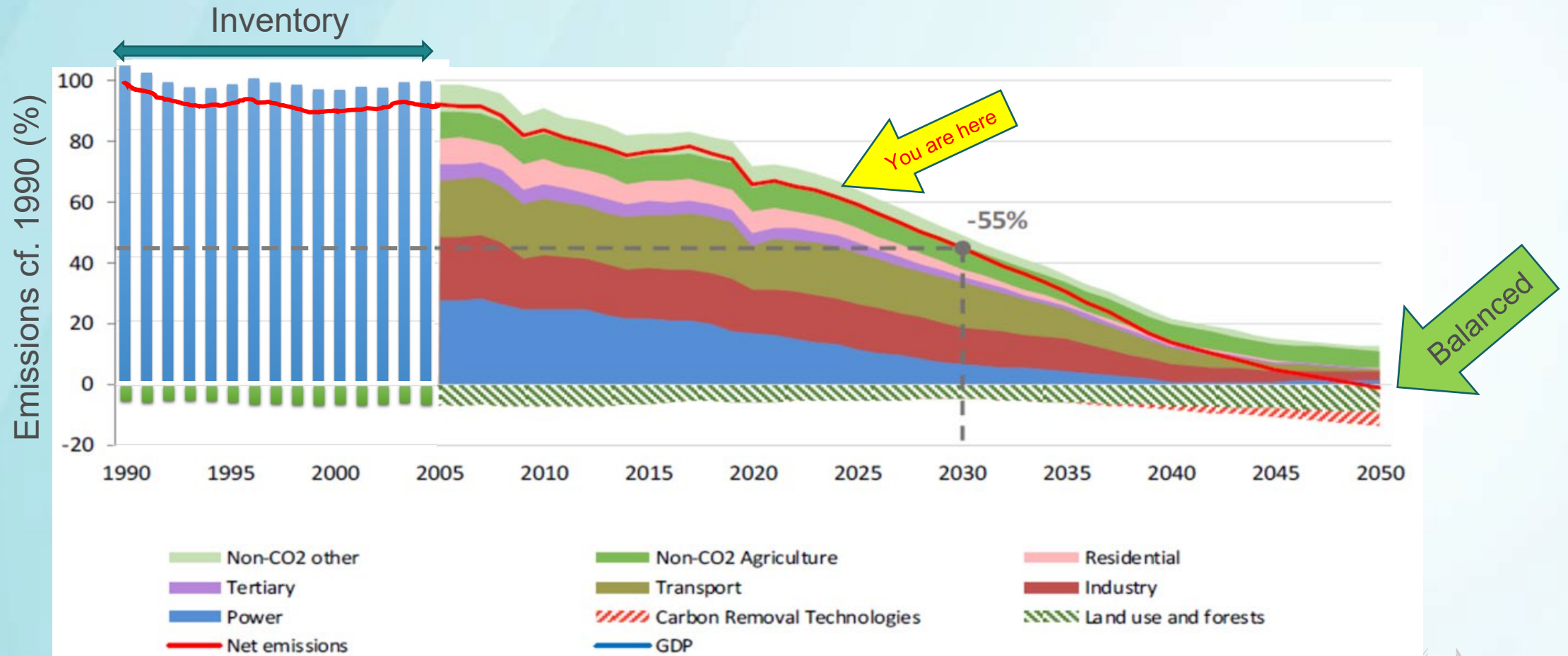
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**DG CLIMA**



# Pathway to climate neutrality



# Key changes to the Innovation Fund following the ETS Directive revision

Revised ETS Directive includes changes on:



1. The overall size of the Innovation Fund increase 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**

# INNOVATION FUND

Deployment of net-zero and innovative technologies

Funded by: EU Emissions Trading System



Funding through  
Grants and Auctions



EUR 40 billion\* to invest from 2020-2030  
in EU's climate neutral future



Avoid emissions and  
boost competitiveness

Supporting manufacturing, production and use in:



Energy intensive  
industries



Renewables



Energy storage



Carbon capture,  
use and storage



Net-zero mobility  
and buildings

\*based on a carbon price of 75 EUR/tonne

# Green Deal Industrial Plan

- **Objective: Make Europe the home of clean-tech and industrial innovation on the road to net zero**
- **Based on four pillars:**

## 1) Regulatory environment:

- Aim: focus investment on strategic projects
- Addressed through Net-Zero Industry and Critical Raw Materials Acts
- Fast-track permitting for new manufacturing sites

## 2) Financing:

- Short-term: Temporarily adapted State Aid rules (**inc. speed up of innovative IPCEI project, in particular for SMEs**) + **EU funding including Innovation Fund**
- Medium-term: EU Sovereignty Fund

## 3) Skills:

- 2023 European Year of Skills
- Establish Net-zero Industry Academies to roll re-skilling programmes
- Facilitate access of third country nationals to EU labour markets

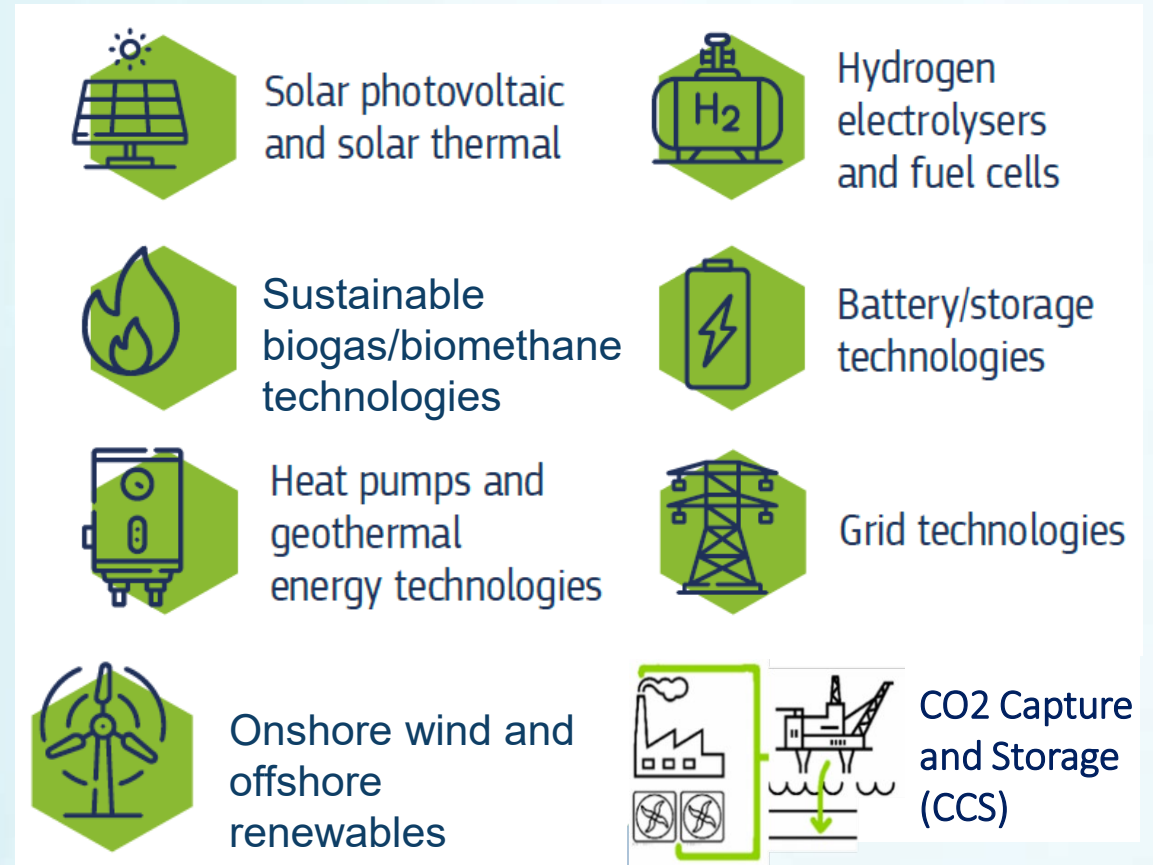
## 4) Trade:

- Maximise existing trade agreements
- Combat unfair trade practice using new foreign subsidies regulation
- Clean-tech / net-zero industrial partnerships



# Net-Zero Industry Act (NZIA) adopted 16 March 2023

- **Wide definition for net-zero technologies** with nevertheless a focus on 8 specific areas
- **Ambition:** scale up net-zero technology manufacturing in the EU to provide at least 40% of the EU's annual deployment needs by 2030
- **Target:** 50 Mt/y CO<sub>2</sub> storage capacity in 2030
- **Article 27:** priority access to SMEs to Innovative Net Zero regulatory sandboxes and dedicated communication channel to provide guidance to SMEs



# European Hydrogen Bank

## European Hydrogen Bank

### 1. Domestic market creation

Green premium auction(s) under the EU ETS Innovation Fund (DG CLIMA)

### 2. Imports to the EU

Green premium auction(s) for renewable hydrogen imports (DG ENER)

### 3. Transparency and coordination

- Demand assessments
- Hydrogen flows

- Infrastructure needs
- H2 cost data

### 4a. Existing European financing instruments

- InvestEU
- Structural funds
- Innovation fund grants

### 4b. Existing international financing instruments

- Concessional loans
- Blending
- Guarantees

# Outlook for 2023

- **Preparations for the launch of the next calls for small, medium and large-scale projects** involving the stakeholders (13 June workshop)
- Finalise the preparatory work on competitive bidding scheme for H2: legal terms & conditions published, governance and practical implementation aspects
- Revision of Delegated Act on the Innovation Fund to operationalise competitive bidding and make further improvements, **including on simplification and increased threshold for small-scale projects**
- More support to **National Contact Points** and extension of **Project development assistance** so we receive larger number of higher quality projects across the EU/EEA
- **But first, and foremost, we call on you to apply already to this small-scale call with very impactful projects in all eligible countries**