



# Innovation Fund and Modernisation Fund

15th EU ETS compliance conference  
27 November 2024

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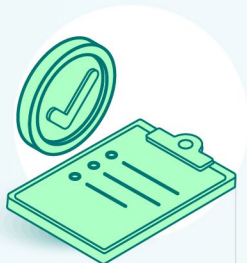
# INNOVATION FUND

Funded by the EU Emissions Trading System

Deploying innovative net-zero technologies for climate neutrality



€40 billion\* available between 2020-2030

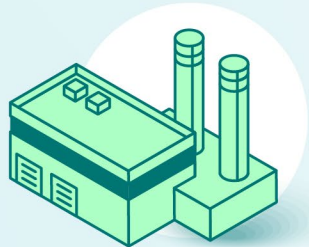


grants awarded through regular calls and auctions



avoid GHG emissions, boost competitiveness

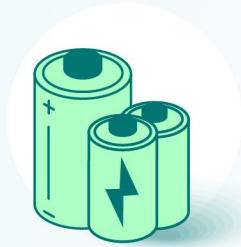
## supporting innovation in:



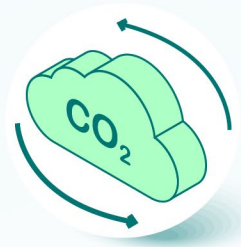
Energy-intensive industries



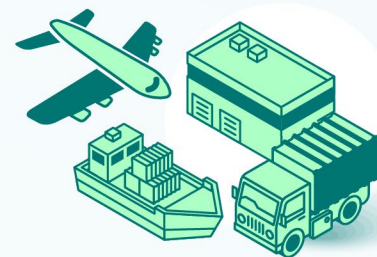
Renewable energy



Energy storage



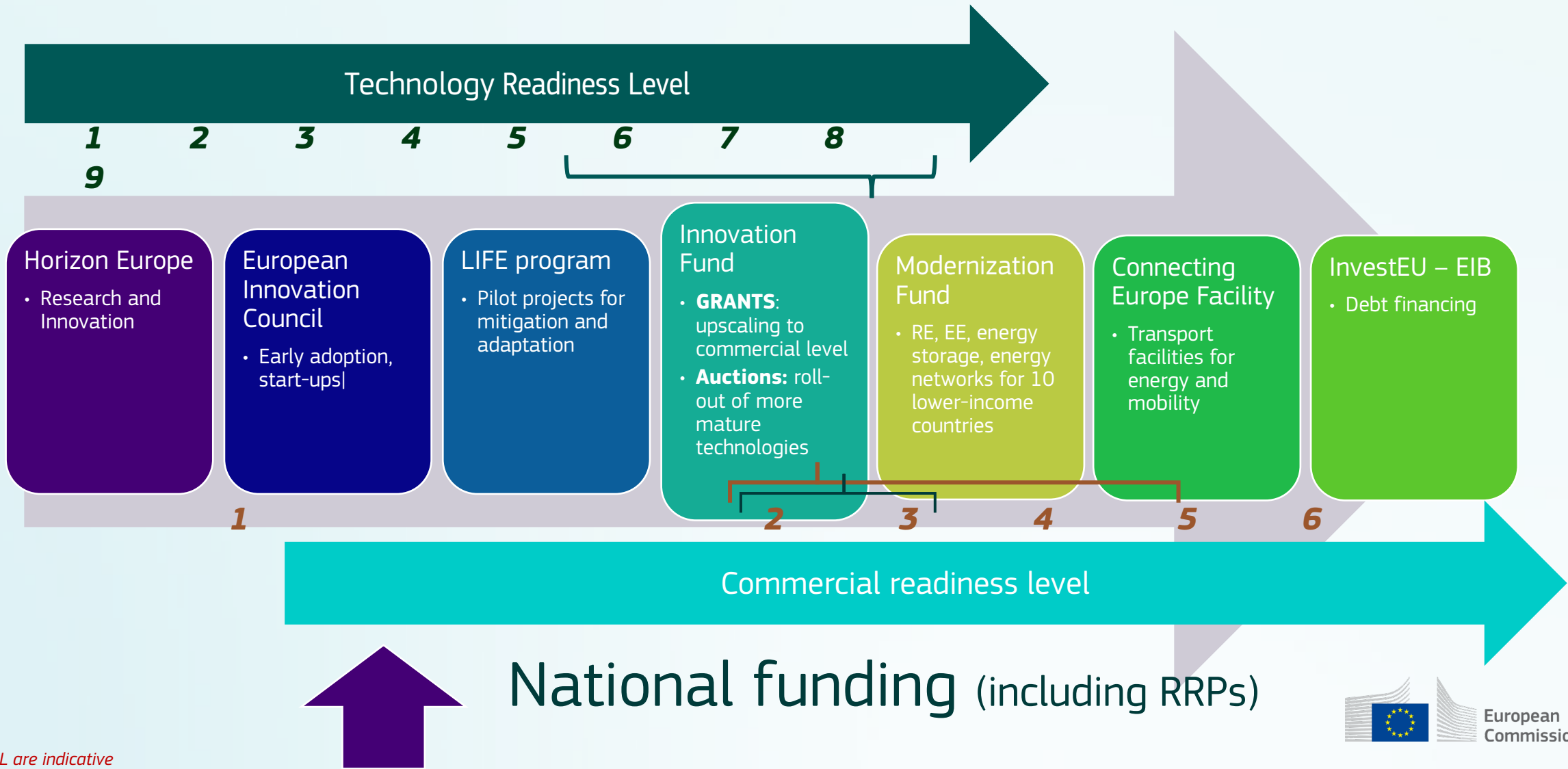
Carbon capture, use and storage



Net-zero mobility and buildings

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

# Innovation Fund – targeted project portfolio



TRL & CRL are indicative

# Innovation Fund Governance

- Policy and priorities definition
- Call design definition
- Selection Decision
- EIB coordination

**DG CLIMA**



- Evaluation
- Grant Preparation
- Project Implementation
- Program Reporting
- Feedback and policy recommendation to CLIMA

**CINEA**



- MS reps
- Stakeholders
- Advise EC on programme design and operation
- MS consulted on pre-selected proposals

**IFEG**



- Technical support to CLIMA
- GHG methodologies and tools

**ICF /  
Fraunhofer**



- Allowances monetisation
- Asset management
- Project Development Assistance

**EIB**



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



- **Net-Zero Industry Act:** clean tech manufacturing topic (€700 million in 2022, €1.4 billion in 2023).
- **European Hydrogen Bank:** domestic auctions for renewable hydrogen under the Innovation Fund.
- **Wind package:** clean tech manufacturing topic and project development assistance.
- **Strategic Technologies for Europe Platform (STEP):** STEP Seal for Innovation Fund projects.
- **Industrial Carbon Management (ICM) Strategy:** support for CCUS deployments since 2020.

# Four main types of support by IF

## 1. Regular Grants

- 7 Calls for proposals since 2020
- Organised by size of CAPEX and, since 2023, also directed to manufacturing and pilot projects
- EUR 12 billion awarded so far

## 2. Auctioned grants

- First auction in 2023, second in 2024
- Directed to RFNBO hydrogen producers located in Europe
- European Hydrogen Bank
- Almost EUR 700 million awarded **so far**

## 3. Advisory Services

- Project Development Assistance
- Technical Assistance to countries
- NCP network

## 4. Blending Finance

- Blending with InvestEU guarantees: “EU Catalyst Partnership.”
- EUR 220 million contribution from IF

# The Innovation Fund in a nutshell



**208 projects:**  
123 ongoing +  
85 under GAP\*



**€ 12.04 Billion**  
**EU** granted +  
under GAP\*

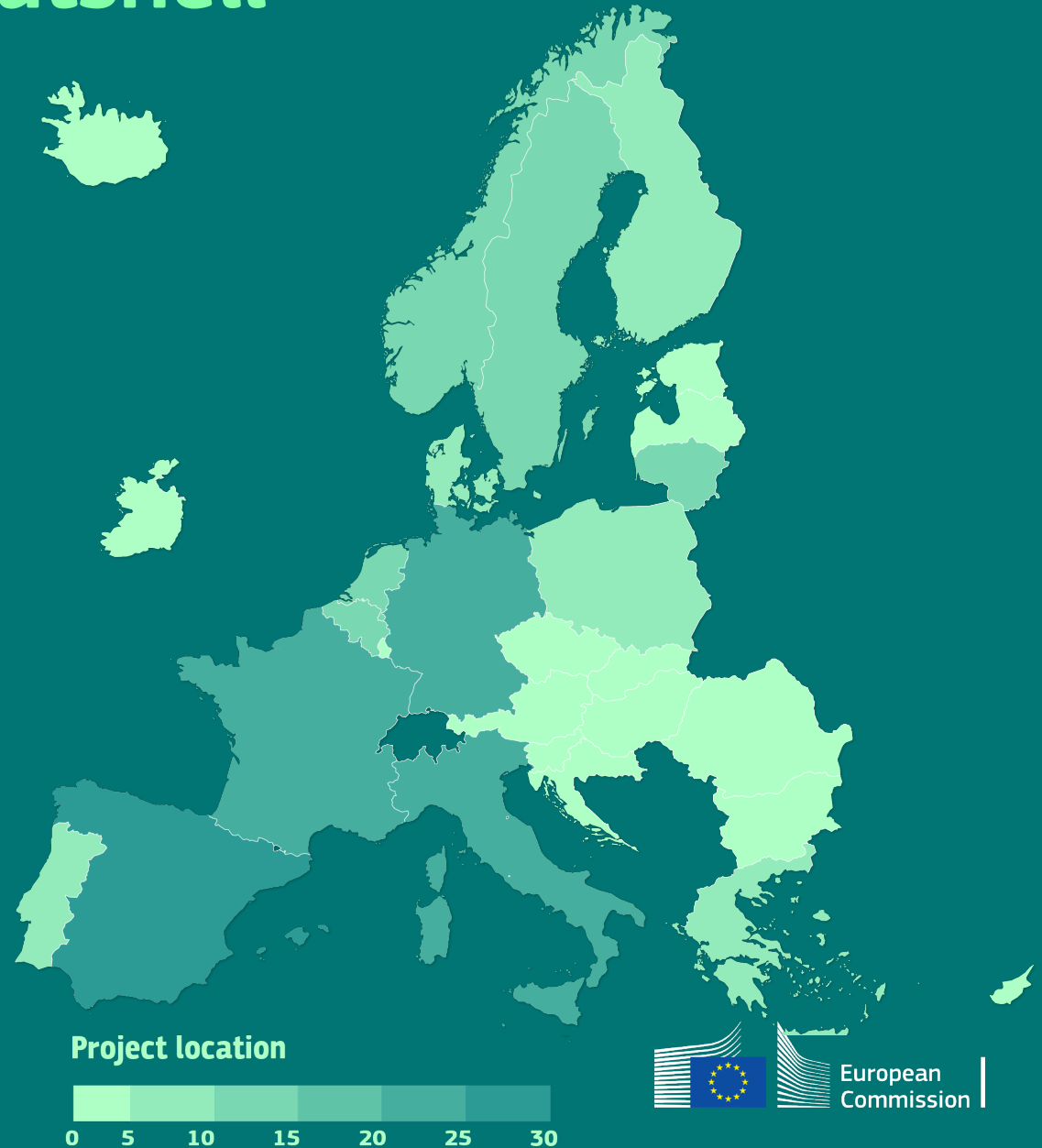


**~929 Mt CO2 eq**  
**to be avoided\*\***



**26**  
**Countries**

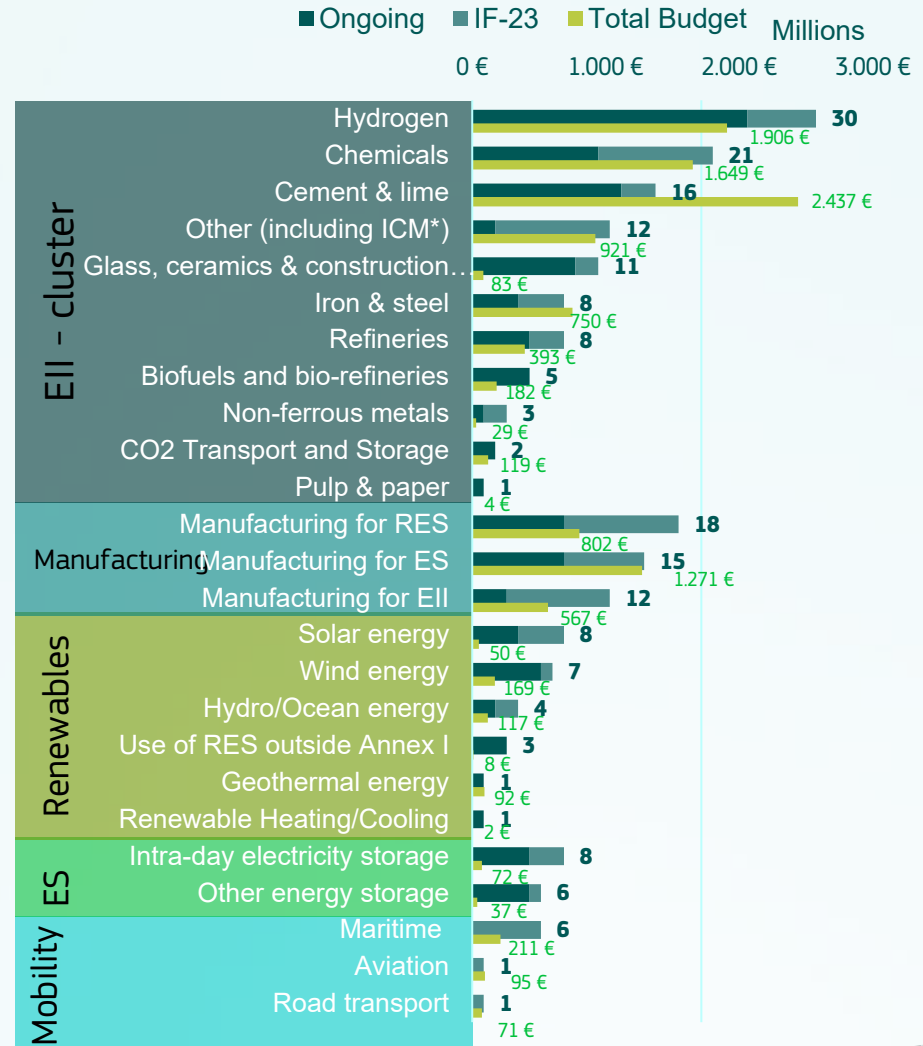
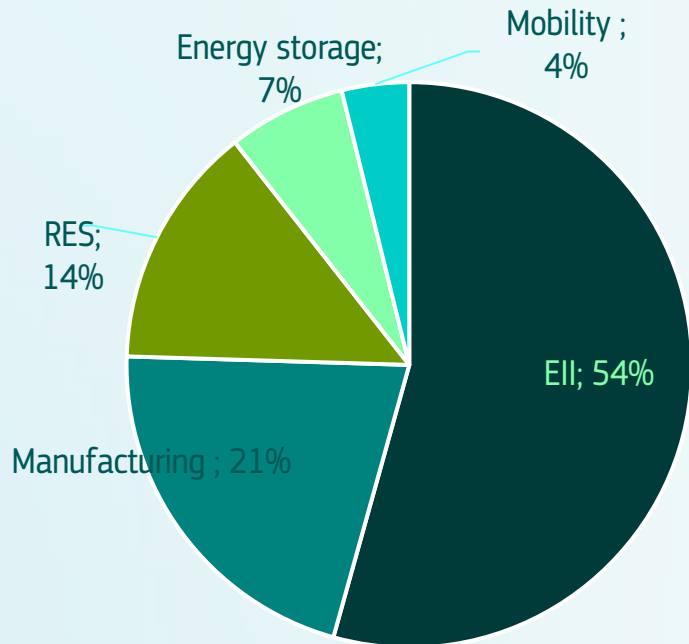
**Two new countries added: Estonia and Slovakia**



\*GAP: Grant Agreement Preparation  
\*\* estimated based on 10 years operations

# IF Portfolio

Share of projects by cluster  
(by number of projects)



\* Statistics include: 123 ongoing + 85 IF23 projects. Projects are allocated to their main country of implementation



# Innovation Fund 2024 funding opportunities



## IF24 Auction

- RFNBO Hydrogen
- Expected launch: 3 December 2024
- Budget EUR 1.2 bn



## IF24 Call

- General, Cleantech, Pilots
- Date and the budget to be announced beginning of November 2024



## IF24 Batteries

- Manufacturing of electric vehicles battery cells
- Date and the budget to be announced beginning of November 2024

All relevant documents for applicants will be available on the **EU funding & Tenders Portal**

**Info Days are planned in December, National Info days early 2025**

# Modernisation Fund

# Basic Features

## Objectives

- Modernise energy networks
- Support energy efficiency

## Beneficiaries

- 13 lower-income EU Member States
- BG, CZ, EE, HU, HR, LV, LT, PL, RO, SK
- Since ETS revision: EL, PT, SI

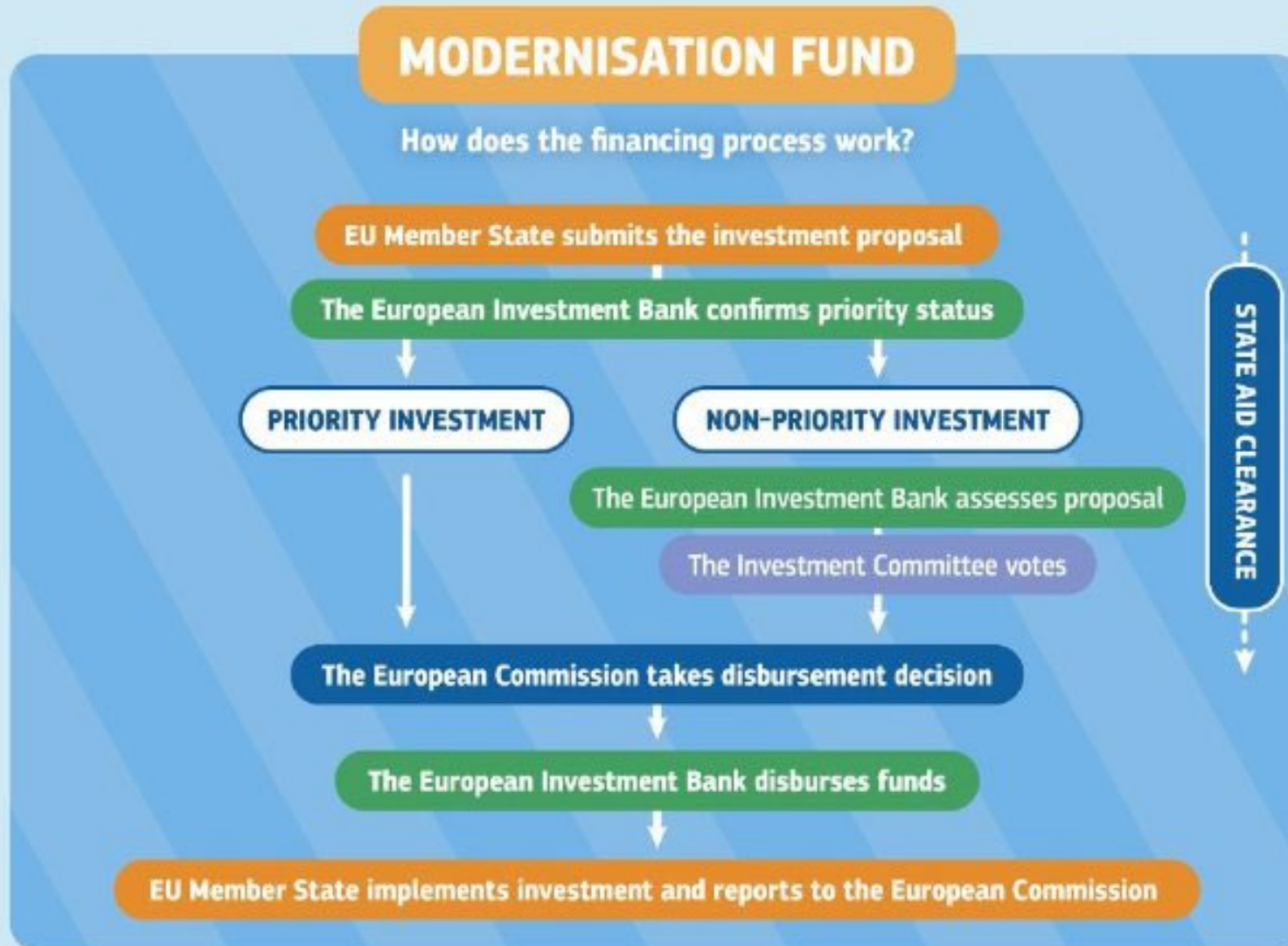
## Funding

- ETS revenues
- Allowances set-aside by ETS Directive
- + Voluntary transfers (6 MS)
- National envelopes

# How does the Modernisation Fund work?

	Priority investments	Non-priority investments
Scope	<ul style="list-style-type: none"> <li>• Generation and use of renewable energy</li> <li>• Energy efficiency improvements</li> <li>• Energy storage and modernisation of energy networks</li> <li>• Just transition in carbon-dependent regions</li> <li>• Support for low-income households</li> </ul>	<ul style="list-style-type: none"> <li>• Any other investment in line with the objectives of the Modernisation Fund (CO2 emission reductions mandatory)</li> </ul>
Maximum funding	Up to <b>100%</b> of relevant costs* (State aid rules)	<ul style="list-style-type: none"> <li>• <b>Up to 70%</b> of relevant costs* (State aid rules)</li> <li>• Remaining costs by private legal entities</li> </ul>
Allocation	<b>At least 80% of the Fund</b>	<b>At most 20% of the Fund</b>
Types of investment	Individual projects or schemes	Individual projects or schemes
Approval process	EIB confirmation (+ state aid clearance)	EIB due diligence (+ state aid clearance), Investment Committee decision

# Modernisation Fund operations



- Key doc: implementing regulation
- Operational docs:
  - Assessment guidance
  - Templates for submission of investments
  - Investment pipelines

# Overview of confirmed investments to date

- **7<sup>th</sup> disbursement decision adopted in June 2024**
  - Total confirmed and/or recommended amount: EUR 2.9bn (second-largest disbursement since 2021)
  - 39 schemes/projects, in all 10 “historic” beneficiary Member States
  - Incl. only 1 NPI: EUR 8 mn – gas transmission pipeline to supply CHP units replacing coal-fired plants
- **Brings total amount disbursed to EUR 12.9 bn**
  - 176 schemes or projects confirmed in total
- **Next disbursement: December 2024**

# Thank you



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# Innovation Fund Knowledge Sharing Report 2024



ANNUAL KNOWLEDGE  
SHARING REPORT OF  
THE INNOVATION FUND

DE-RISKING INNOVATIVE  
LOW-CARBON TECHNOLOGIES

CINEA



**Project challenges**, including market conditions, finance, offtake agreements, regulatory bottlenecks, and technical constraints.



Insights and **strategies to overcome these challenges** and mitigate associated risks.



Covering: **energy-intensive industries, hydrogen, carbon capture and storage, renewable energy and energy storage.**

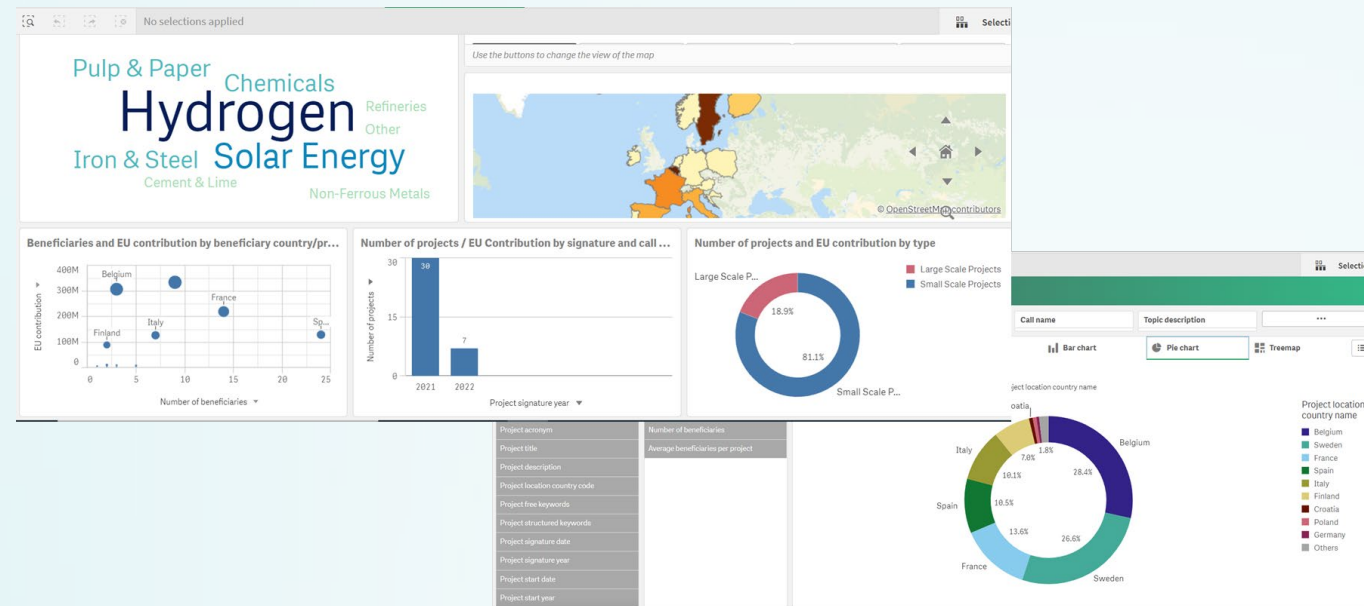


[Read the report here](#)

[Summaries of closed-door IF workshops](#)



# IF dashboard



Available on [CINEA's website](#)

# 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>**

**And more videos available on YouTube:**

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

