



Innovation Fund

Innovation Fund
Expert Group meeting
5 June

Agenda

10:00 – 10:20
Introduction
Calendar

10:20 – 12:00
First stage
Award criteria

12:00 – 12:30
Primer on application
Handling of
confidential
information

12:30 – 13:30
Break

13:30 – 15:00
Second stage
Award criteria

15:00 – 15:20
Call for small-scale
projects

15:20 – 15:30
Call for evaluators

15:30 - 15:40
Conclusions

Slido

During the event, you can use Slido to submit your questions and comments

TO JOIN:

1. **Take out your smartphone, tablet or computer and open your browser**
2. Go to **[Slido.com](https://www.slido.com)** and enter the event code **#IFEG**.
3. You can now post comments or like comments.
4. Identify yourself when posting comments. These comments will be considered with priority.

Key features

Basics

Volume of at least EUR 10 billion until 2030 (at EUR 20 carbon price)

Support of up to 60% of additional costs related to innovative technology

Renewable energy
CCS and CCU
Industry
Storage

Financed from the revenues of the EU Emissions Trading System

Support of additional capital and operating costs (up to 10 years)

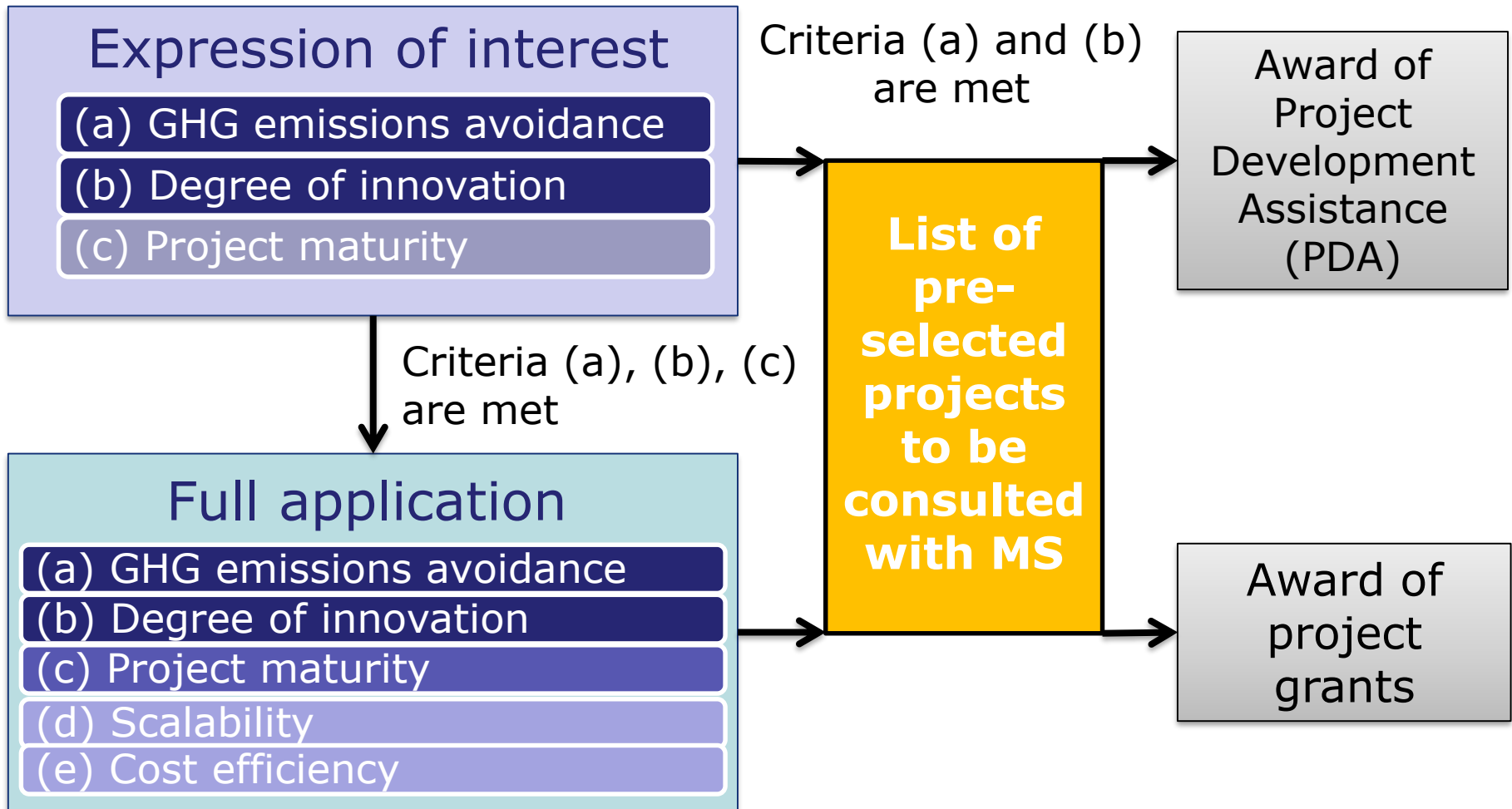
First call in mid-2020 with a volume of EUR 1 billion

Single applicant or consortium

Project start possible after application for first stage

Selection process

Basics



Payments upon milestones

Basics

Financial
Close

Entry into
Operation

Possible to agree
payments at add'l
milestones
*(e.g. drilling with
geothermal
project)*

Possible to agree
payments at add'l
milestones during
construction phase
*(subject to recovery
in case that emission
avoidance will not
be achieved)*

Annual
payments for
achieved GHG
emissions
avoidance
during 10 years
after entry in
operation

Up to 40%

At least 60%

independent of
achieved emissions
avoidance

depending on achieved
emissions avoidance

Calendar

Webinar
Application and FAQs

Webinar
GHG calculations and FAQs

Innovation Fund Day
Clean Tech Finance Conference
Final workshop for 1st stage

**W4 June/
W2 July**

Launch First Call

H2 July

H1 Sep

H2 Sep

End Oct

Submission 1st stage

Q1 21

Invitation 2nd stage

Q2 21

Submission 2nd stage

H2 21

Grant Award

First stage award criteria

Overview

- Christian Holzleitner

GHG
emission
avoidance

- Maria Velkova

Degree of
Innovation

- Melina Boneva

Project
maturity

- Christian Holzleitner

First-stage award criteria

GHG emissions avoidance

- Absolute and relative avoidance
- Below ETS benchmark(s)

Quantitative assessment

Degree of innovation

- Beyond state-of-the-art
- Beyond incremental innovation

Qualitative assessment

Project maturity

- Ready to reach financial close within 4 years
- Ready to improve maturity with PDA

Quantitative and qualitative

GHG emission avoidance calculations	Reference scenario		GHG emission avoidance in project scenario calculated based on
	GHG emissions in reference scenario based on	Expected quantity during 10 years after entry in operation	
Energy intensive industry	ETS benchmark(s)	Quantity of product	Changes in ❖ inputs ❖ processes ❖ outputs (e.g. waste) compared to reference scenario
Renewable electricity	Expected 2030 electricity mix	Quantity of electricity produced	
Renewable heat	Natural gas (NG) boiler	Quantity of heat produced	
Energy storage	Single-cycle NG turbine <i>peaking power</i>	Quantity of energy stored	

Emission factors for grid electricity

Project and reference scenarios	Grid Electricity substituted by export from the project Discharging for energy storage	Grid Electricity Consumed Charging for energy storage
Energy intensive industry CCS	Fully decarbonised electricity mix	Fully decarbonised electricity mix
Renewable electricity and heat	Expected 2030 electricity mix for net export	Fully decarbonised electricity mix for net import
Energy storage	Single-cycle NG turbine <i>peaking power</i>	Fully decarbonised electricity mix

GHG emission avoidance

First
stage

Absolute GHG emission avoidance

- Compared to best project in sector
- Applicants to specify their sector
- In case of cross-sectoral projects, applicants to choose most appropriate sector (e.g. in which sector is higher amount of GHG emissions avoided?)

Relative GHG emission avoidance

- Compared to GHG emissions in reference scenario
- In case of cross-sectoral project, compared to reference emissions in chosen sector

Degree of innovation

First
stage

Project goes
beyond state
of the art

- *First-of-a-kind commercialisation* or large-scale commercial size demonstration of processes previously proven at pilot, smaller scale or large-scale demonstration plants.
- A *second or more of a kind commercialisation* is also considered innovative if relevant costs remain a significant share of total costs.

Project goes
beyond
incremental
innovation

- Proposed *technology* or *product* or *business model* goes beyond minor changes made to existing products, processes or business models

Project maturity – ready to reach financial close within 4 years?

First stage

	Assessment criteria	Mandatory documents
Technical maturity	Technical feasibility, including project design and technical risks	<i>Feasibility study</i>
Financial maturity	Financial viability, including profitability and financing structure	<i>Business plan</i>
Operational maturity	Progress in planning and implementation, including permitting procedures, contracts with customers and suppliers	<i>Project implementation plan</i>

**Deep dive on GHG emissions:
see separate slide deck**

Q&A

Primer on application - INEA

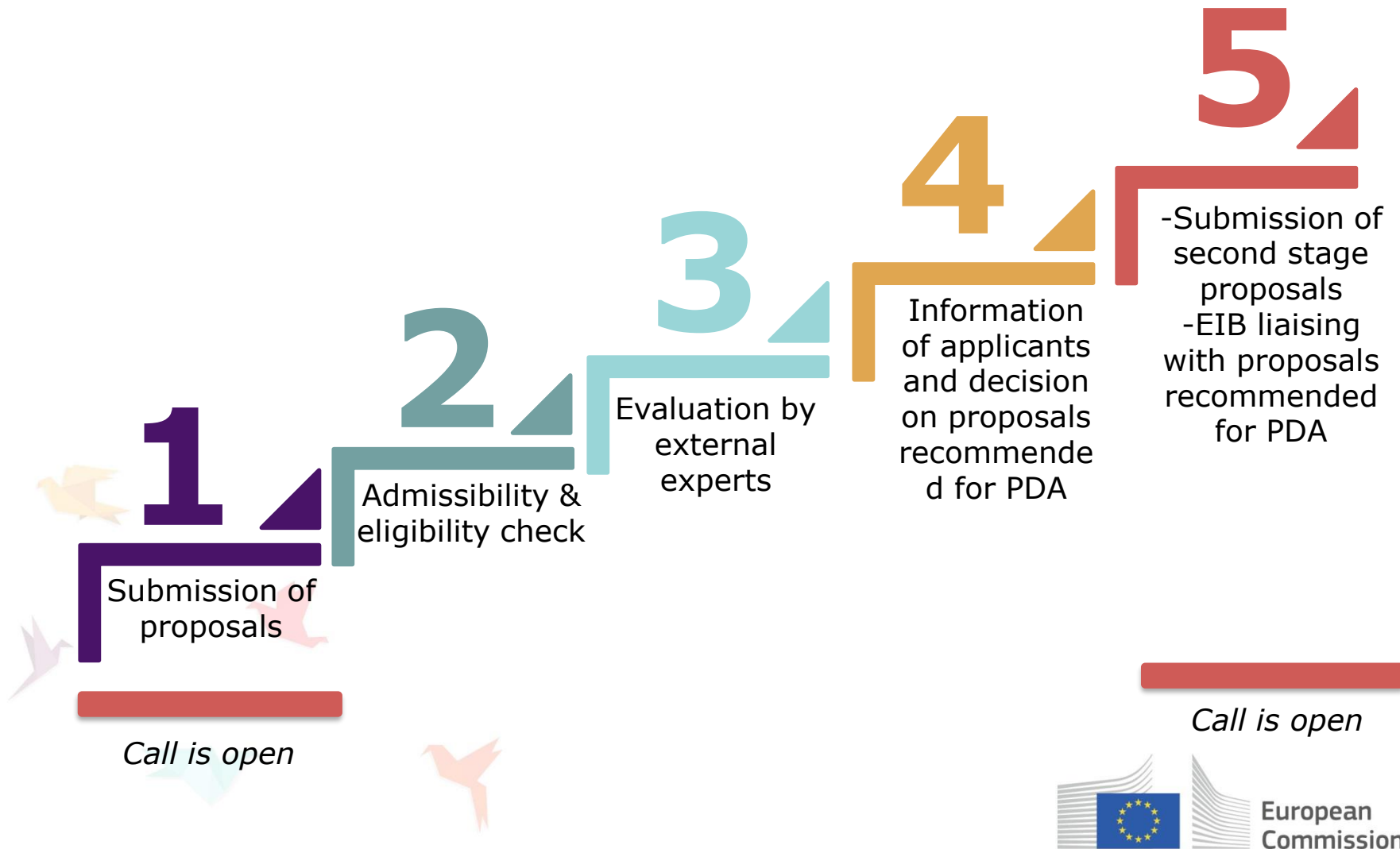


Innovation Fund first call Application process and Confidentiality principles



Marc Vanderhaegen
HoU, INEA

5 steps of the first stage application process





Application process: where and how?

- Single entry point

Funding and Tenders portal of the European Commission:
<https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home>

All information displayed there, including news, application forms and access to application

- HELP is available (IT and general questions)

<https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/helpdesks>

1

Submission of proposals

How to submit your proposal?

Find calls for proposals and tenders

Search calls for proposals and tenders by keywords, programmes...

Search

EU Programmes

Direct info

3rd Health Programme (3HP)	Asylum, Migration and Integration Fund (AMIF)	Consumer Programme (CP)	Creative Europe (CREA)	EUROPE DIRECT (ED)	European Defence Industrial Development Programme (EDIDP)	EU Aid Volunteers Programme (EUAID)	Erasmus+ Programme (EPLUS)
Europe For Citizens (EFC)	European Maritime and Fisheries Fund (EMFF)	European Statistics (ESTAT)	EU External Action (RELEX)	HERCULE III (HERC)	Horizon 2020 Framework Programme (H2020)	Support for information measures relating to the common agricultural policy (IMCAP)	Internal Security Fund Borders and Visa (ISFB)
Internal Security Fund Police (ISFP)	Justice Programme (JUST)	Pilot Projects and Preparatory Actions (PPPA)	Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME)	Programme for the Environment and Climate Action (LIFE)	Promotion of Agricultural Products (AGRIP)	Research Fund for Coal & Steel (RFCS)	Rights, Equality and Citizenship Programme (REC)
Union Civil Protection Mechanism (UCPM)	Programming Period 2007-2013 (FP7 - CIP)	Overview of EU funding					



Before applying

- READ

- Call text and Annexes
- Guide for Applicants
- FAQs

- BE particularly AWARE of:

- Admissibility and Eligibility conditions
- Deadline



Main elements of proposals

- Application form Part A online (name of applicant, outline of the project, sector covered, budget...)
- Application form part B which includes the detailed information on the project. Part B can be edited outside the system.
- Necessary annexes



2

Admissibility & eligibility check

Admissibility & eligibility check

Are all forms submitted?



YES



NO



Are all call conditions met?



YES



NO



ATTENTION! Only admissible and eligible proposals will be evaluated

The call text will list all admissibility and eligibility criteria

3

Evaluation by
external
experts

Evaluation by external experts

Up to 5 experts for each proposal

**Evaluation is framed by the call
text**



3

Evaluation by
external
experts

External experts

Dedicated campaign to recruit experts for IF

EU database of over 100,000 experts

1. High-level expertise

2. Independence

3. Impartiality

4. No Conflict of Interest

Balanced composition

3

Evaluation by
external
experts

What do we ask the external experts to do?

Full
knowledge of
call text

**Evaluate
individually
- remotely**

**Meet to
reach
consensus**

Write
**Evaluation
Report**

3

Evaluation by
external
experts

Against what do they evaluate?

**GHG
emission
avoidance
potential**

Degree of
innovation

Project
maturity

Scalability

Cost
efficiency



European
Commission

4

Outcome of evaluation (1st stage)

Information of applicants and decision on proposals recommended for PDA

List of proposals

Invitation to
2nd stage



PDA



Rejection



Deadline to inform: 6 months

5

- Submission of second stage proposals
- EIB liaising with proposals recommended for PDA

Submission of second stage proposals

Successful proposals (1st stage) invited to submit application for 2nd stage

Same submission and evaluation process

MORE information requested in the application
MORE evaluation criteria

! Deadline: 3-4 months application time

5

- Submission of second stage proposals
- EIB liaising with proposals recommended for PDA

EIB engaging with proposals recommended for PDA

Successful proposals for PDA (1st stage) passed on to EIB

EIB starts discussion with applicants

No fixed deadline

Using the PDA will help maximise chances of projects to be successful in future IF calls

Confidentiality

- Information submitted by applicants is treated as confidential in every steps of the process
- Confidentiality rules apply at all times: before, during and after evaluation; also during project lifetime
- Submission and evaluation processes are supported by secure IT tools within the European Commission IT environment

Throughout the whole
evaluation

Confidentiality

Access on “need to know” basis

- EC/INEA/EIB staff are contractually bound to confidentiality
- Each external expert signs a confidentiality clause as part of their contract
- Applicants only receive information concerning their own proposals
- The evaluation summary report is shared only with the applicant

Thank you!

Contact INEA

[@inea_eu](#)

inea@ec.europa.eu

INEA-Innovationfund-calls@ec.europa.eu

www.ec.europa.eu/inea

Funding and Tenders Portal

<https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home>

Q&A

BREAK

Second stage award criteria

Overview

- Christian Holzleitner

Degree of Innovation

- Maria Velkova

Project maturity

- Christian

Scalability

- Melina Boneva

Cost efficiency

- Jonathan Lonsdale
- Gregor Paterson Jones

Second-stage award criteria

GHG
emissions
avoidance

Degree of
innovation

Project
maturity

Scalability

Cost
efficiency

More
detailed
calculations

Additional
assessment

More detailed
requests

Qualitative
Quantitative

Quantitative

GHG emission avoidance

Second
stage

Additional requirements for second stage

- Industrial projects: More detailed consideration of GHG emissions from inputs
- RES projects: Inclusion of GHG emissions from inputs
- Storage projects: On-site emissions of fugitive GHGs and from additional energy use

Degree of innovation

First stage

Test 1

Project goes beyond state-of-the-art

Innovative activity or product

Not currently offered by existing suppliers

Distinctive expected outcomes

More advanced than previous demonstrations

Innovative application of technical solutions

**Applied in new sector/
different usage field**

System integration

New circular business model

Degree of innovation

First
stage

Test
2

Does the project go beyond incremental
innovation?

Incremental innovation

NO

Only minor
changes to
existing
products,
processes or
business models

No substantially
new knowledge
or technology

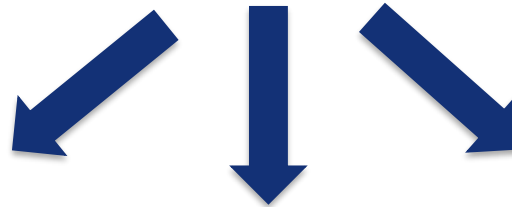
Low uncertainty

Degree of innovation

First stage

Both tests

Guided by climate neutrality objective



Long-term strategy (2050)

Integrated SET Plan

Circular economy Action Plan

Degree of innovation

Second
stage

Degree of
innovation ...

- Intermediate
- Strong
- Very strong
- Breakthrough

... considering
additional
assessment
criteria

- Energy efficiency and circularity
- Use of electricity from renewable origin
- Friendliness to the grid
- Land impact: biomass feedstocks
- Net carbon removals

Degree of innovation

Second
stage

Energy
efficiency
and
circularity

- **Energy and resource** efficiency, incl. impact on water
- **Durability**, functionality, modularity, easy disassembly or repair
- **Recovery** of materials and energy from waste and waste water
- **Substitution** of raw materials with secondary raw materials and by-products
- **New reusable**, recyclable or compostable materials
- **Reuse**, repair, refurbishing, repurposing and remanufacturing of end of life products

Degree of innovation

Second
stage

Using
electricity
from
renewable
origin

- **Direct connection** to renewable electricity production not connected to the grid
- Wind electricity delivered by the grid, that would otherwise be **curtailed**
- **Hydroelectricity that has insufficient demand** in the region
- Renewable electricity with a **PPA**:
 - from a particular renewable energy installation(s)
 - the power used at any time should not exceed the power that is being generated
 - the grid connection does not pass a zone of grid congestion

Q&A

Project maturity – mandatory documents

Feasibility study

- Technology description (incl. TRL)
- Technical readiness on project site
- Results of testing at previous scale

Business plan

- Business model & targeted market
- Revenues and costs, including first rough estimate of relevant costs
- Financial plan and structuring
- Commitment of investors and public support

Implementation plan

- Project milestones and timing
- Description of required permits, strategy for permitting procedures
- Public acceptance
- Status/plan of contracts with suppliers and off-take contracts

Project maturity – stronger minimum requirements

Second stage

	Updated mandatory documents	Additional inputs
Technical maturity	Feasibility study	❖ Due diligence questionnaire
Financial maturity	Business plan	❖ Key risks and mitigation measures
Operational maturity	Project implementation plan	❖ Disclosure of due diligence reports by independent third party (if available)

Q&A

Scalability

Second
stage

Definition

- Technical and market potential for widespread application or replication, considering future cost reduction

Time horizon

- Climate neutral economy in 2050
- Transition to 2050

Scalability

Second
stage

Project and regional level

- Further expansion at project site, including sector coupling
- Cooperation with regional economy
- Strategy on knowledge sharing

Sector

- Potential GHG emission avoidance for sector, # installations
- Taking account of supply and demand conditions, such as expected cost reductions and resource constraints

Economy-wide

- Potential GHG emission avoidance across economy, taking into account size of the sector and potential of GHG emission avoidance in other sectors
- Impact on competitiveness and supply chains within EU

Knowledge sharing

Second
stage

Purpose

- To de-risk technologies and speed up their commercialisation

Confidentiality will be safeguarded

- Sharing of more detailed info within each sector but never commercially sensitive information
- Anonymisation and aggregation before sharing of information publicly

How?

- Relevant knowledge reports submitted annually: **disbursement conditional on KS requirements fulfilled!**
- Thematic reports produced by INEA
- Thematic meetings organised at sector level by INEA

Knowledge sharing

Second
stage

Minimum knowledge- sharing requirements

- Before financial close
- From financial close to entry into operation
- From entry into operation

Knowledge sharing areas

- Technical aspects, set-up, performance
- Financial aspects
- Operational aspects, project management, permitting
- Environmental impacts, health & safety
- Stakeholder engagement

Project initiated knowledge sharing

- Additional to the minimum requirements
- Communication and dissemination
- Evaluated under scalability

Q&A

Cost efficiency =

**Second
stage**

**Relevant costs less contribution
by project applicant**
Max 60% of relevant costs

=

**Absolute GHG emission
avoidance**
during 10 years after entry into
operation (*first criterion*)

*Contributions from private
resources or public support*

Calculating relevant costs

Levelised costs

- Comparison of levelised project costs to the market price
- Also for substitute products
- *Default methodology*

Reference plant

- Comparison of project costs to costs of reference plant
- *Fall-back option*

No-reference plant

- In case no comparable product or conventional technology exists
- *“Last-resort” option*

**Deep dive on relevant costs:
see separate slide deck**

Q&A

Small scale projects

Small scale projects

Scope and support

- Total capital expenditure (CAPEX) not exceeding €7.5mn
- Grant = max 60% of CAPEX
- PDA also possible

Selection and grant disbursement

- Single-stage application
- Same 5 award criteria but possible to simplify methodologies, in particular GHG emission avoidance
- *Grant disbursement still depends on delivery of GHG emission avoidance*

First call

- Launch Q4 2020 / Q1 20201
- How to best complement existing funding programs?
- How to best design simplified application and selection process?

Small scale projects: your feedback

Sample of questions:

1

- What sectors to target?

2

- What projects to target? (green procurement/pioneer customers?)

3

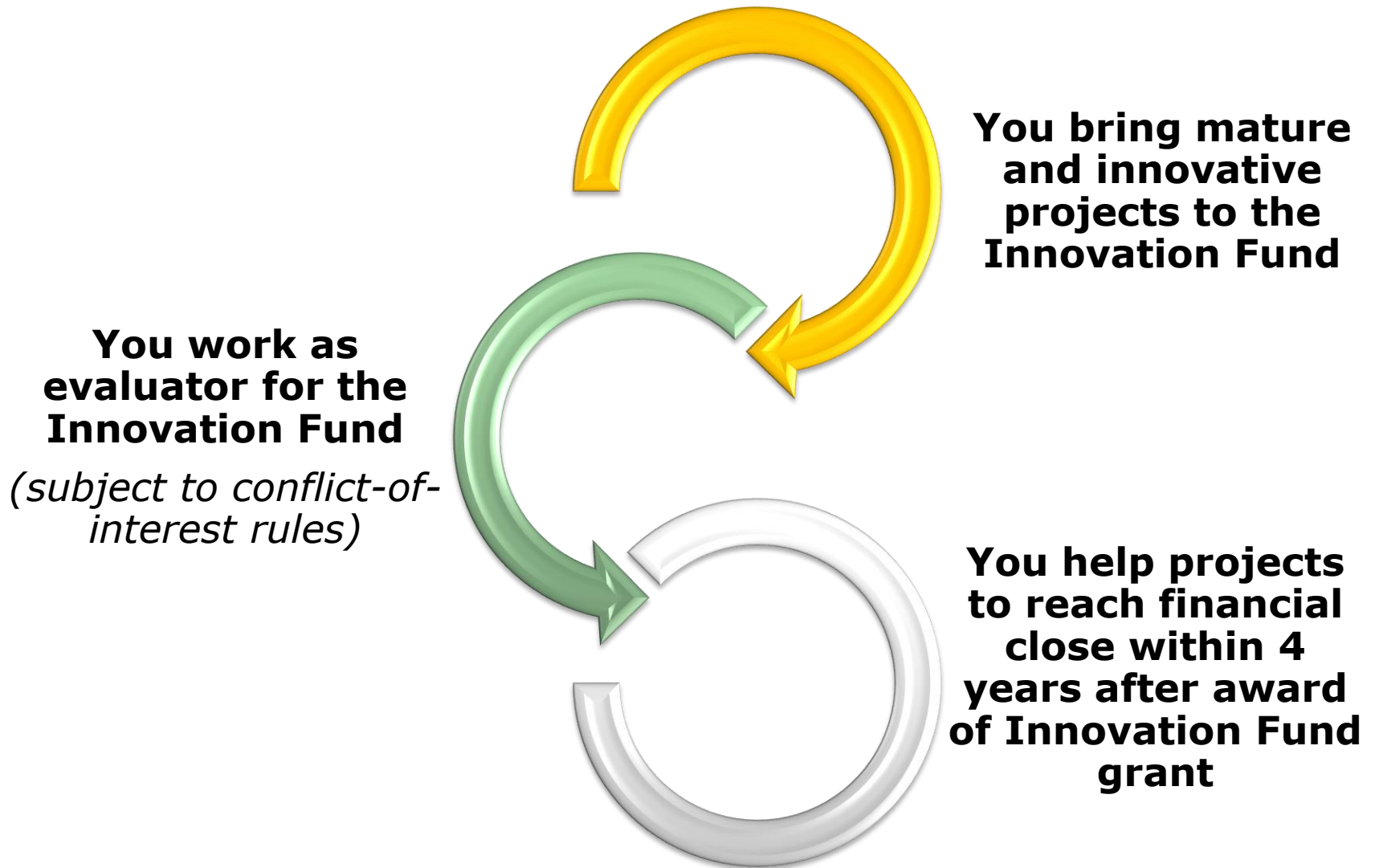
- How to simplify application and evaluation, in particular GHG emission avoidance?

Questionnaire to be shared after IFEG

Q&A

Call for evaluators

Cooperation with financial sector, investors, and consultants



Join as project evaluator



Technical experts



Financial experts



Legal experts

- **Individual** evaluation
 - 5 working days during November and December
 - To be organized fully remotely from your office or home
 - Can be performed during weekends and evenings
- **Consensus group** –
 - Full week of discussion with other fellow evaluators in January 2021
 - Either in Brussels or virtually
- Up to € 5000 compensation OR pro-bono
- **Confidentiality and conflict of interest rules apply**

Join as project evaluator

Please apply and don't hesitate to share with colleagues

Register here:

<https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/work-as-an-expert>

Mention "Innovation Fund"

Send your CV to INEA-Innovationfund-calls@ec.europa.eu

Conclusions and next steps

Please continue to support us

Give feedback on today's workshop

Quick feedback on award criteria

Questionnaire on call for small-scale projects

Next events

Launch of call
W4 June to W2
July

Workshop on application and FAQs
H2 July

Mobilise technical and financial experts

Experts for project evaluation