



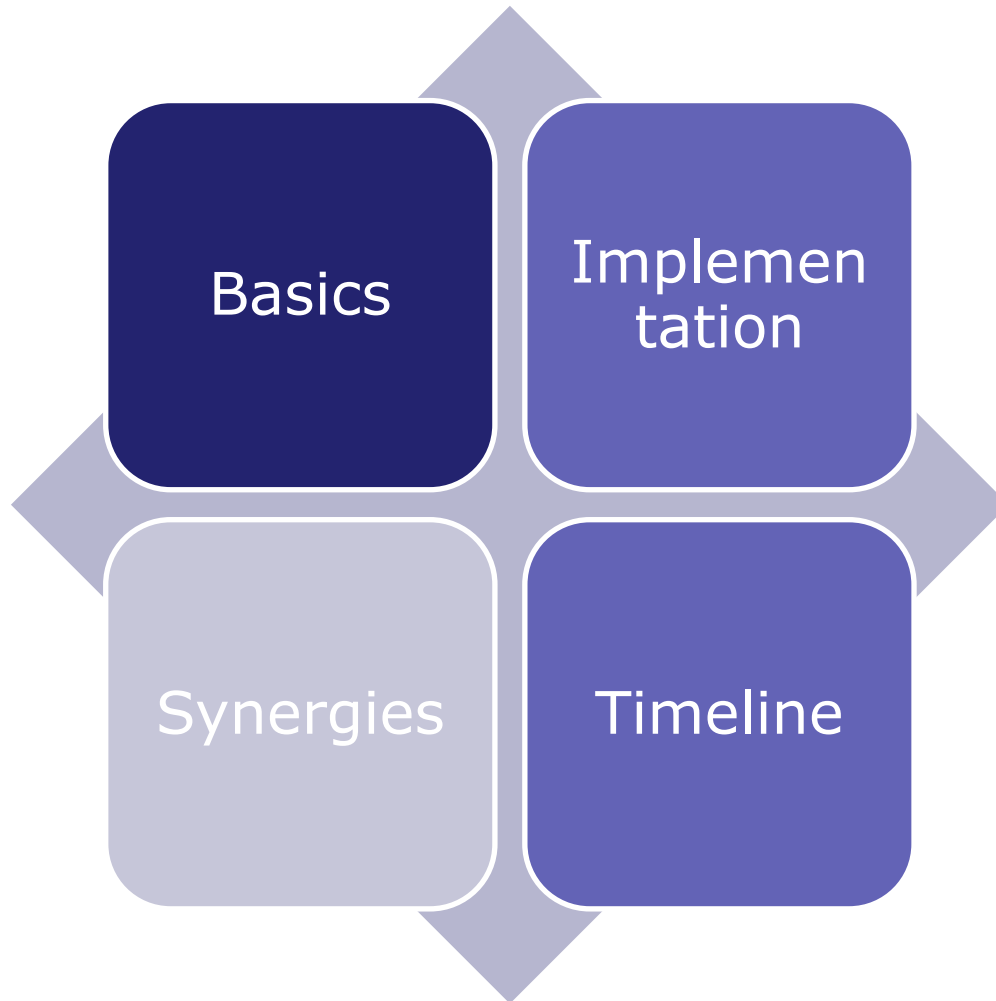
Innovation and Modernisation Fund

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DG CLIMA

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Innovation Fund



Basics - EU ETS Directive 2018/410

	NER300	Innovation Fund	Impact
Size	300m allowances	≥ 450m allowances	Substantial increase in funding
Scope	Limited to renewable energy and CCS	Extended to energy-intensive industry	Greater technology coverage
Grant amount	Up to 50% of relevant costs	Up to 60% of relevant costs	Higher support
Disbursement of grants	Only upon verified avoidance of CO2 emissions	40 % of support need not be dependent on verified avoidance of CO2 emissions	Upfront risk-sharing possible

Implementation Principles - Innovation Fund



More flexibility

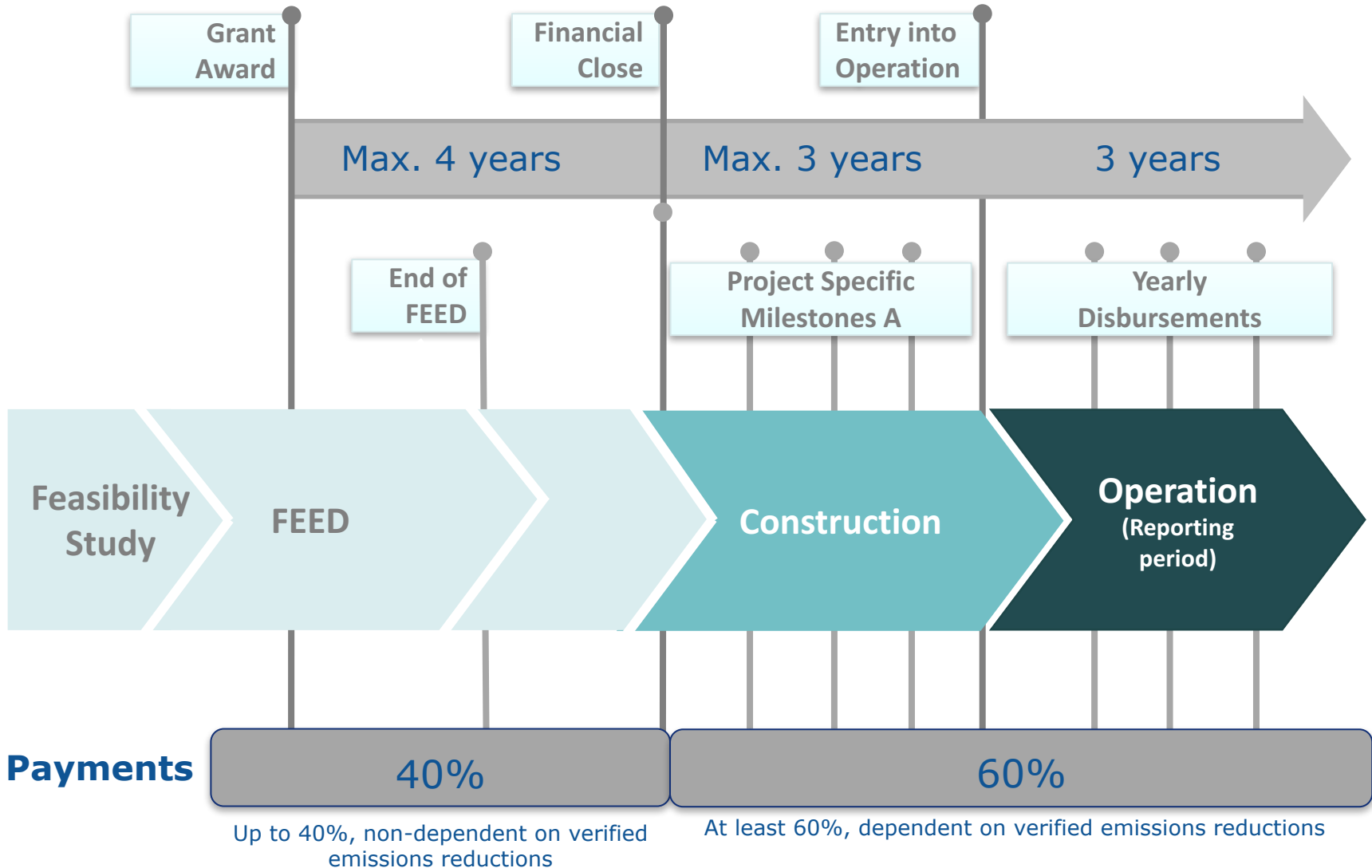


Better selection



Streamlined governance

Exemplary scenario for milestone-based approach



Project selection – Innovation Fund

Effectiveness

Relative GHG reductions

Innovativeness

Efficiency

Costs per emissions reduced

Viability and maturity

Scalability

Value chain effects

Market size

Spill-over to other sectors

Project development assistance

Governance – Innovation Fund

Streamlined management at EU level

Single implementing body

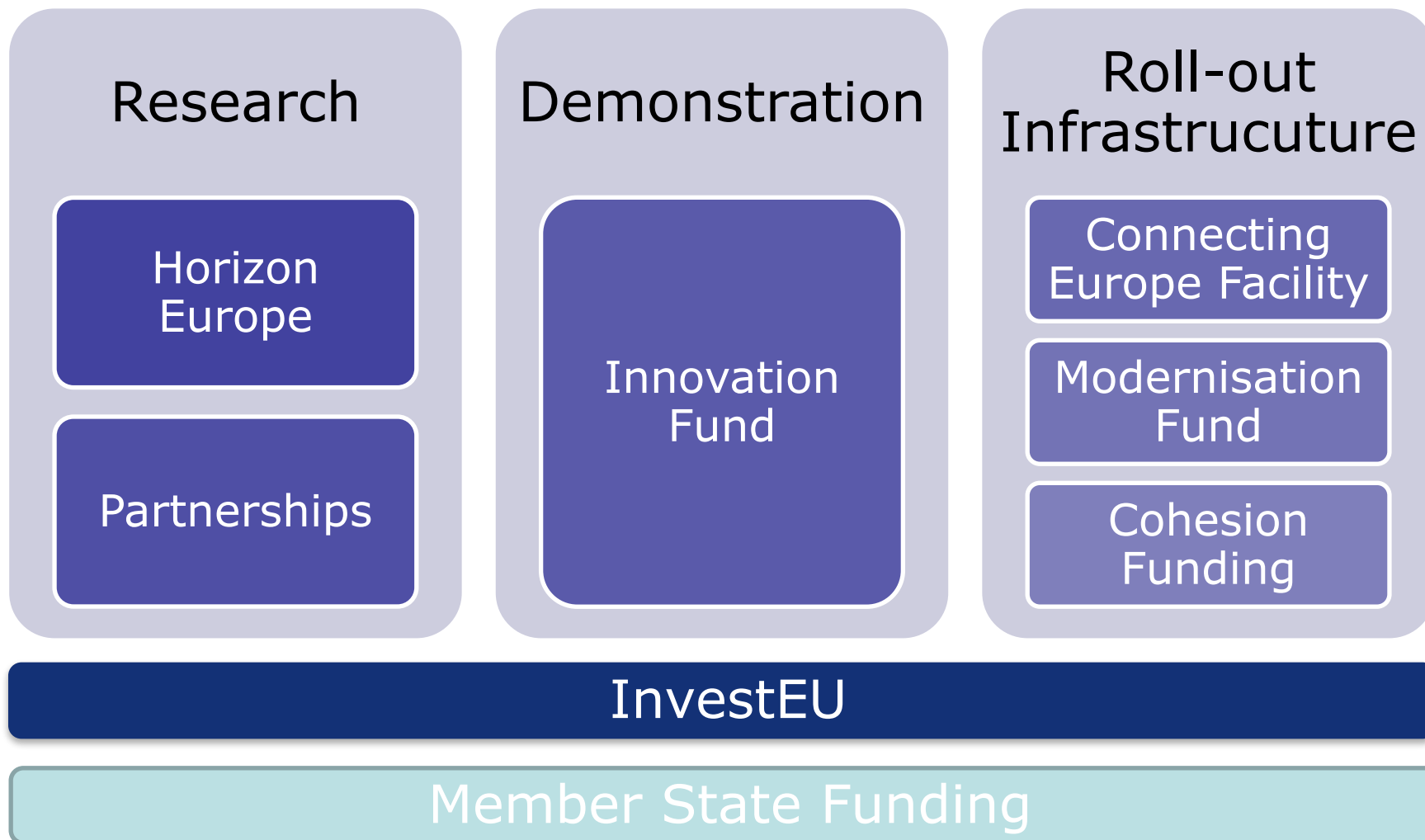


Less red tape

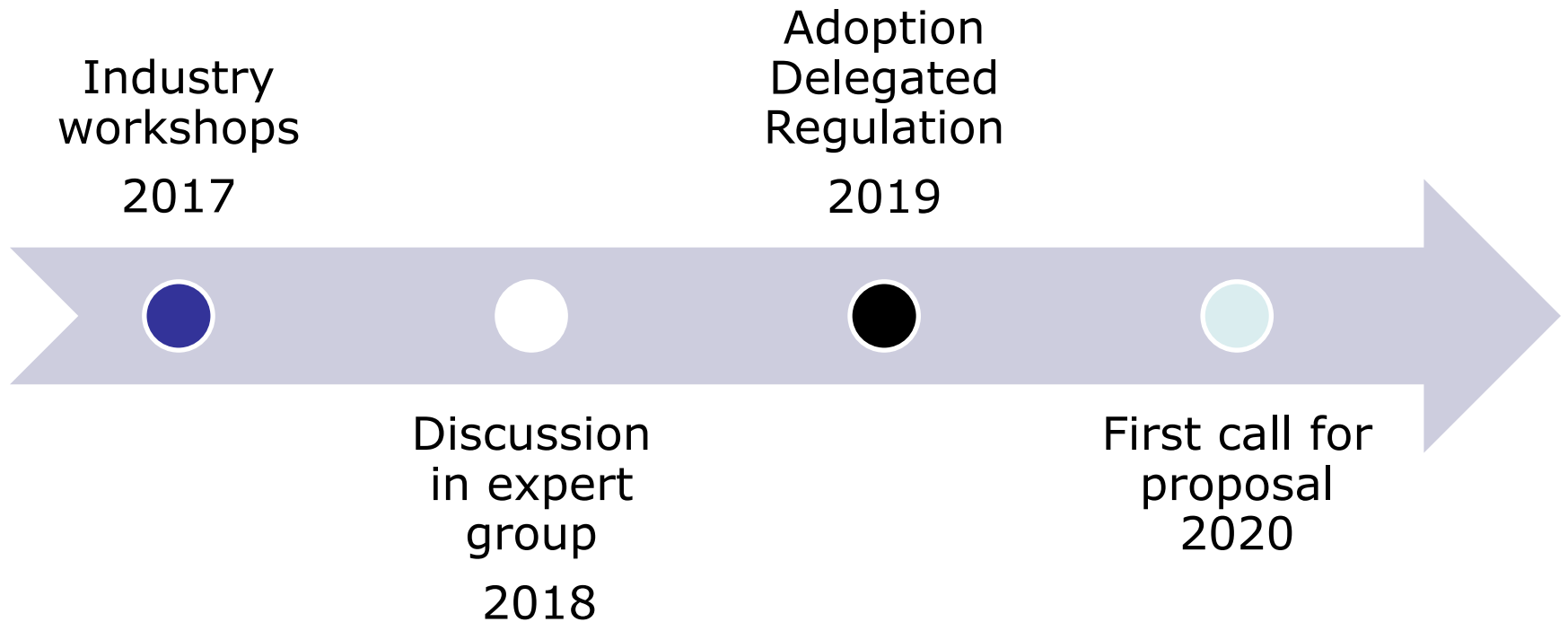


Quicker reaction time

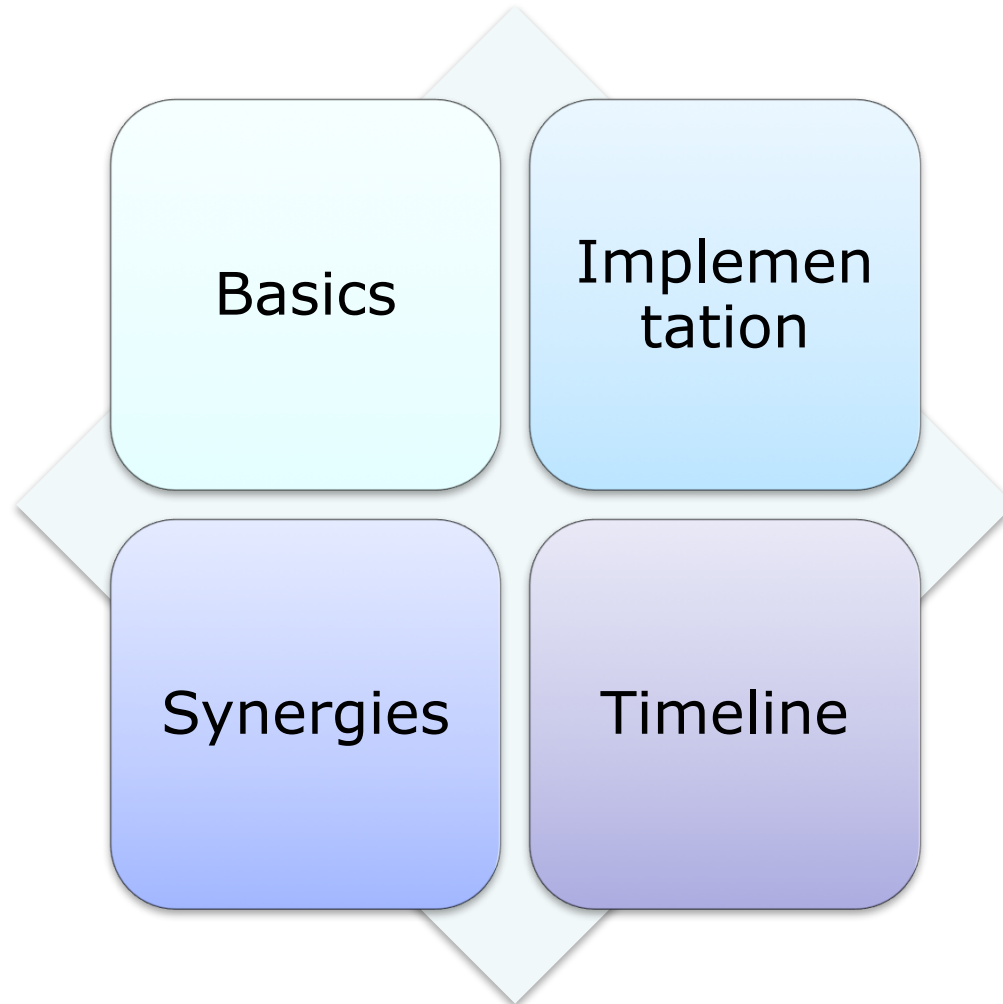
Synergies – Innovation Fund



Timeline – Innovation Fund



Modernisation Fund



Basics – EU ETS Directive 2018/410

- Volume of at least 2% of the EU ETS cap for Modernisation Fund
- To be distributed among 10 beneficiary Member States according to preset allocation key:

Bulgaria	Czech Republic	Estonia	Croatia
Latvia	Lithuania	Hungary	Poland
	Romania	Slovakia	

Priority investments

at least 70 % of Modernisation Fund

Modernisation of energy systems

Renewables

Networks
(including district heating pipelines)

Interconnectors

Energy storage

Improvements in energy efficiency

Energy generation
(except solid fossil fuels)

Transport, buildings, agriculture and waste

Just transition in carbon-dependent regions

Re-deployment / up-skilling of workers

Education and job-seeking

Support to start-ups

Implementation principles – Modernisation Fund

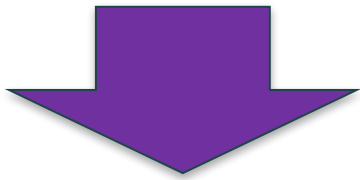


Subsidiarity



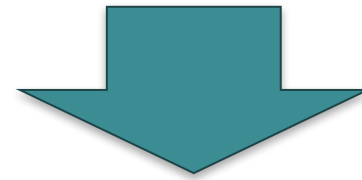
Transparency

How Member States can finance projects from Modernisation Fund



**Co-finance
existing subsidy
schemes**

**e.g. financial
instruments for
energy efficiency**




- **Individual subsidies**
- **New subsidy schemes**

Synergies

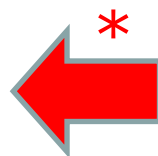
 **Modernisation Fund**



 **Optional free allocation to power sector**



- Competitive bidding **NEW**
- Listing of investment projects with value less than € 12.5 m



 **Solidarity allowances**

** Transfer to free allocation contingent on moving at least as many allowances to Modernisation Fund*

Timeline – Modernisation Fund

Workshops
in Member
States
2018

Adoption
Implementing
Regulation
2019 – 2020



Member
States that
opt for free
allocation to
power sector
to publish
modalities

**30 June
2019**

Member States
to notify
transfer of
allowances to
Modernisation
Fund

**30
September
2019**

Member States are driving process



European
Commission

Additional slides

Turning allowances into
money

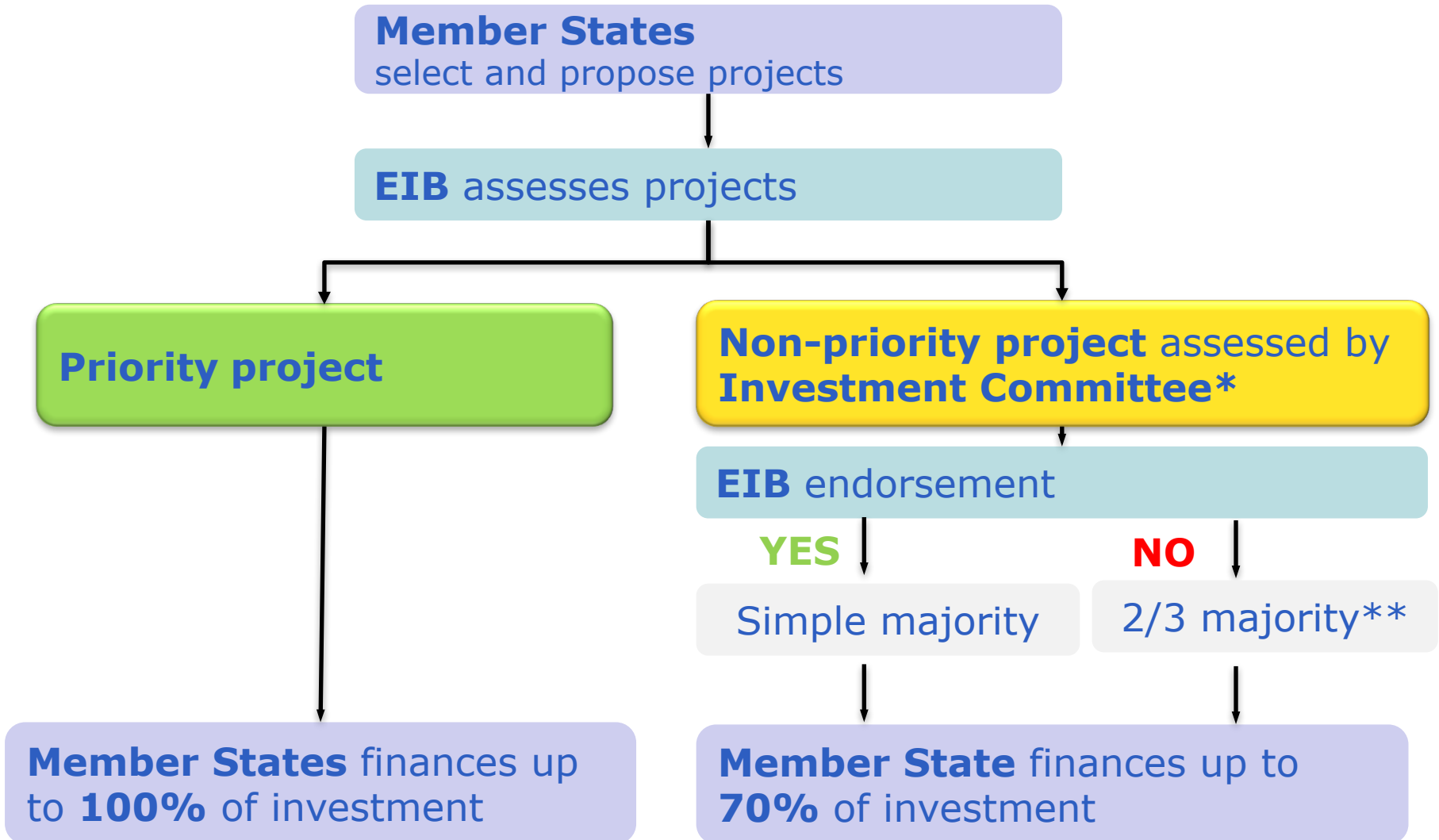
Modernisation Fund -
Governance

Modernisation Fund –
non-priority projects

Turning allowances dedicated to funds into money

- Clear legislative guidance for Modernisation Fund
 - **Same principles and modalities as for regular auction volume**
 - Spreading over 10 years and use of common auction platform
- Innovation Fund – details to be determined in implementing rules
 - Timing pattern and channel yet to be fixed

Simplified governance for priority projects



*10 beneficiary MS, 3 donor MS, COM, EIB

**Vote in Invest Committee without concerned MS and EIB

At most 30% of Modernisation Fund for non-priority investments

- Investments that are consistent with the
 - **EU 2030 climate and energy policy framework**, and
 - Long-term objectives of **Paris Agreement**
- **No** support can be given to energy generation facilities that use solid fossil fuels
 - except for district heating in Romania and Bulgaria under the condition that investments used under Article 10c Derogation by these countries do not involve solid fuels