

ETS Innovation Fund: Recommendations from consultants

Marie Latour

4 December 2023



european
association
of **innovation**
consultants

Innovation Fund portfolio

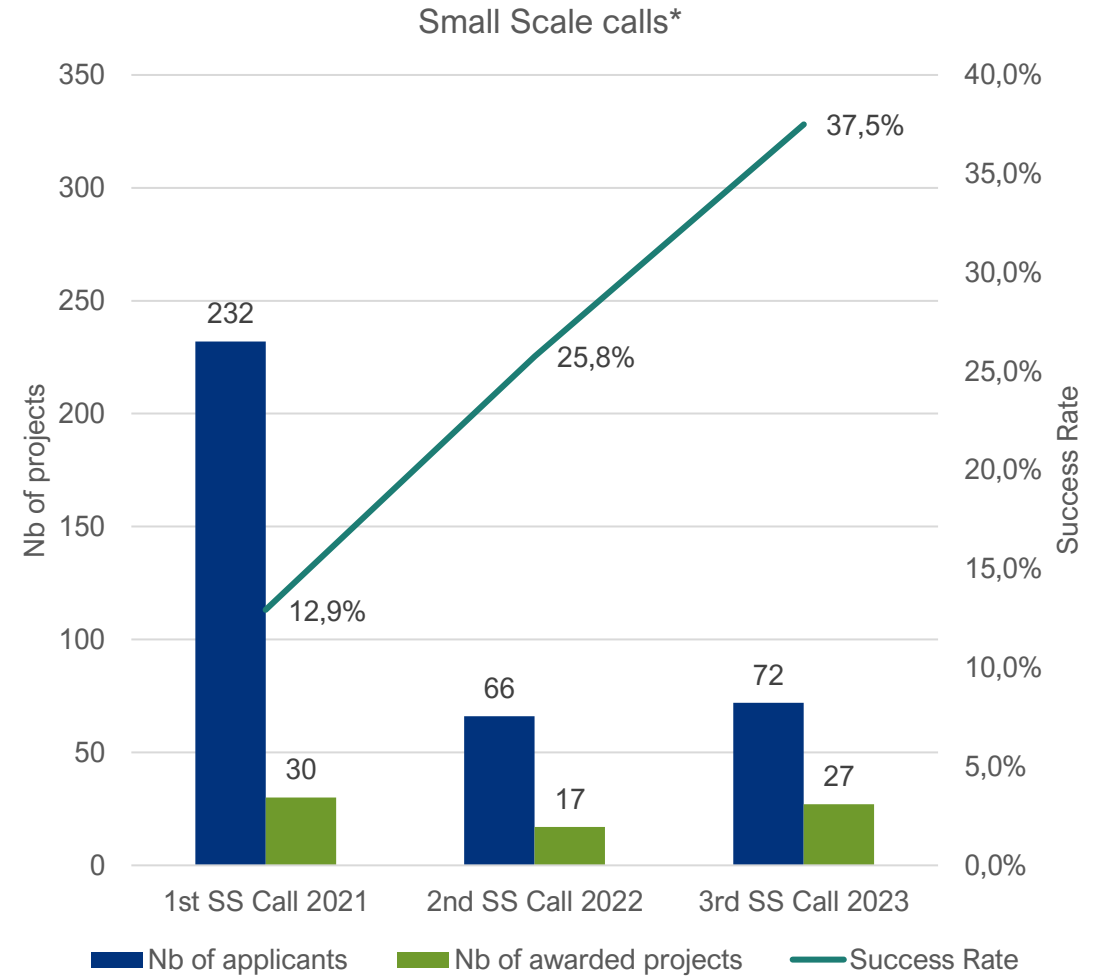
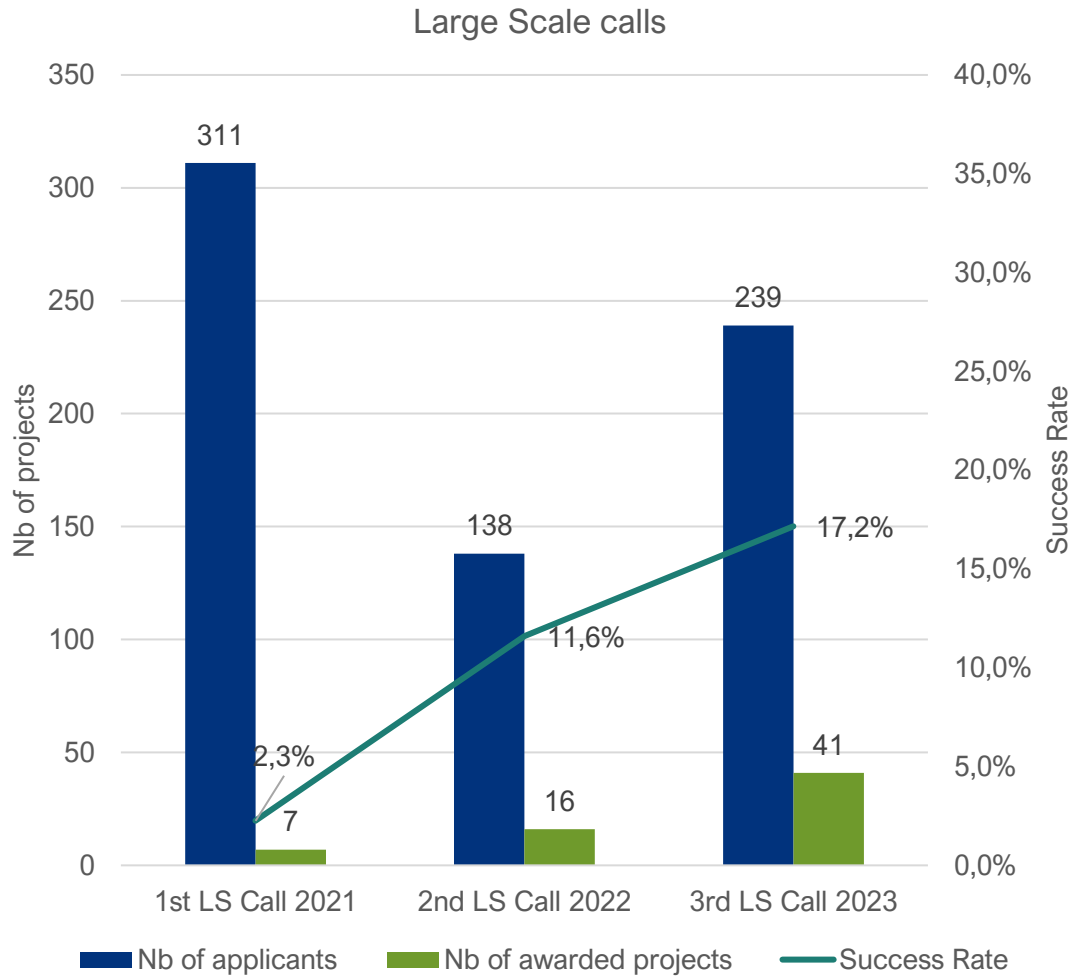
Green: Large-scale projects (59 awarded or pre-selected for grant)*

Blue: Small-scale projects (45 awarded or pre-selected for grant)*

- | | |
|---|--|
| Biofuels and biorefineries | Manufacturing of components for energy storage |
| Cement and lime | Manufacturing of components for renewable energy |
| Chemicals | Non-ferrous metals |
| CO ₂ transport and storage | Other energy intensive industries |
| Geothermal energy | Other energy storage |
| Glass, ceramics and construction material | Pulp and paper |
| Hydro/Ocean energy | Refineries |
| Hydrogen | Renewable heating/cooling |
| Intra-day electricity storage | Solar energy |
| Iron and steel | Use of renewable energy outside Annex 1 |
| Manufacturing of components for energy intensive industries | Wind energy |

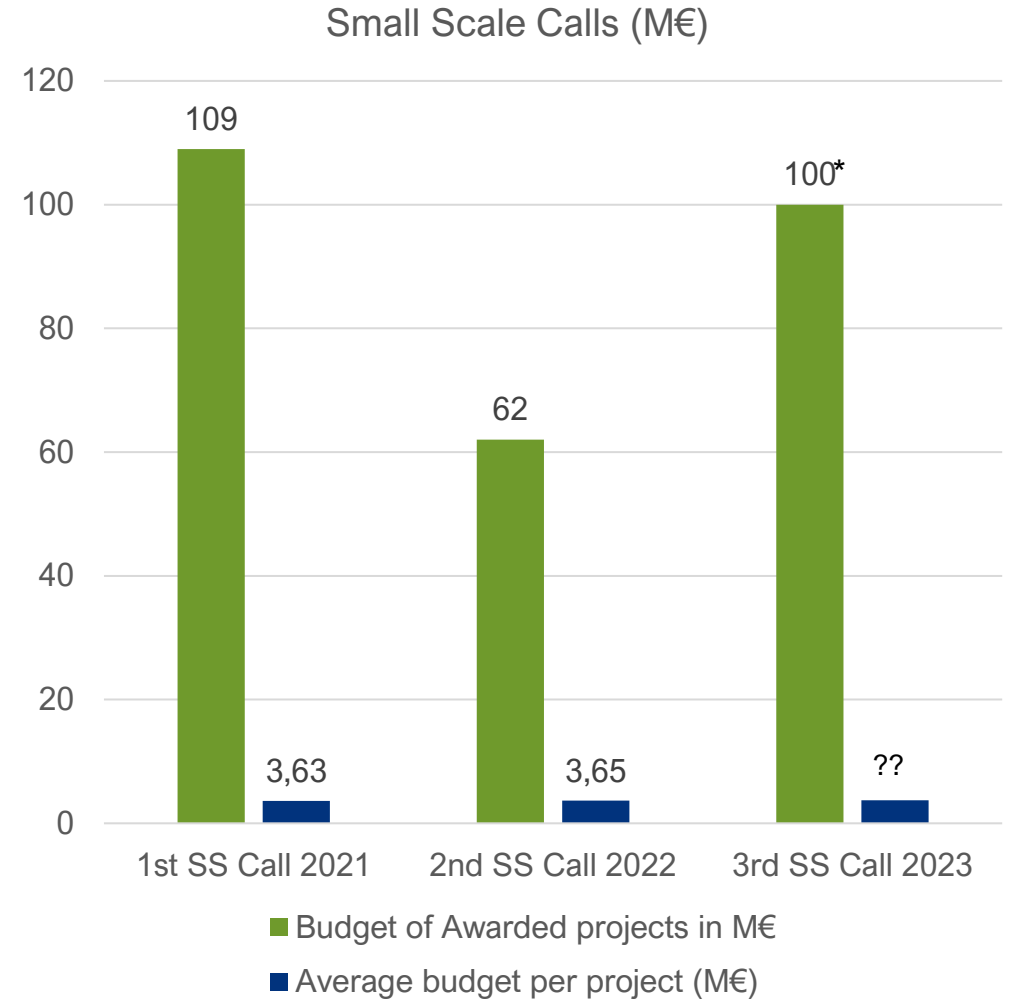
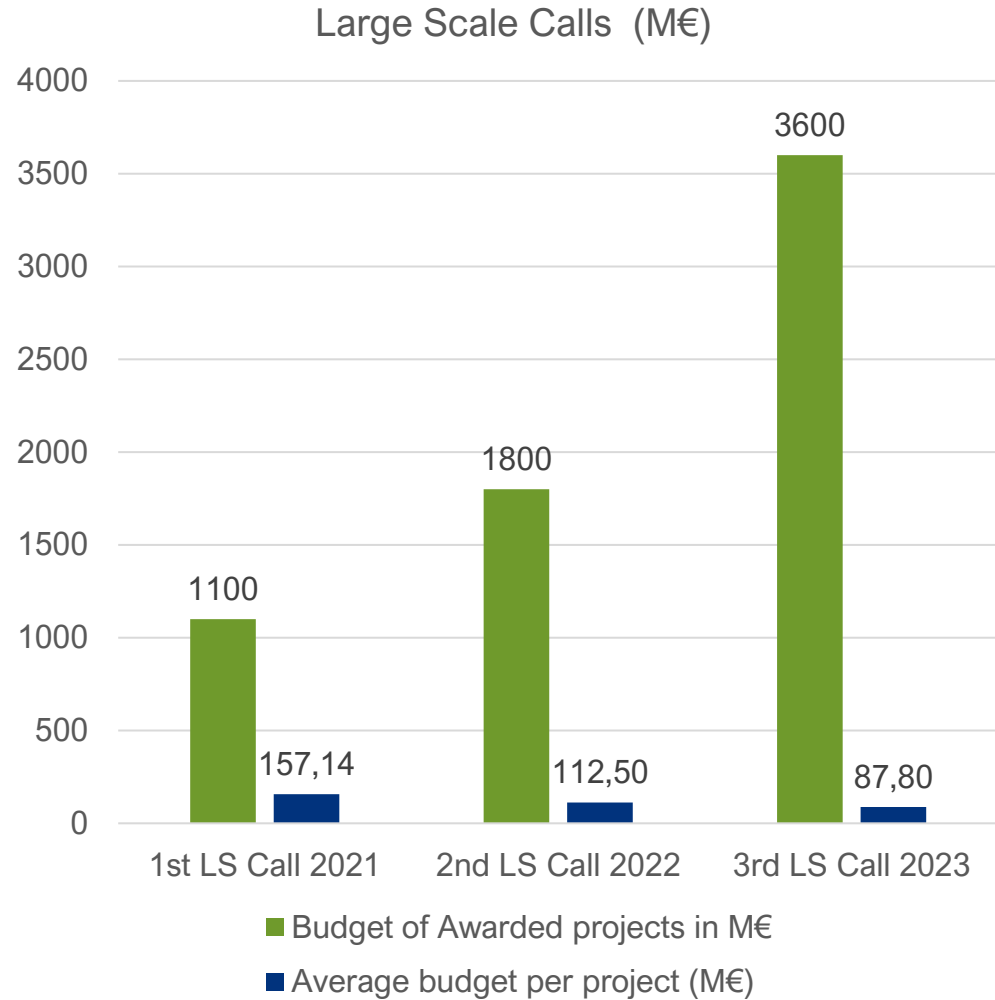


*The number of symbols is higher than the number of projects, as some projects are implemented in multiple locations



*2023 Awarded projects and Success rate are own assumptions

Budget allocated and average projects size



*Total Budget foreseen to be allocated to the call

- **2 Large-Scale projects**
- 2 sectors: Hydrogen & Chemicals both by NESTE OYJ
- Awarded in S1 2022
- **Hydrogen:**
 - Sustainable Hydrogen and recovery of Carbon
 - € 88,3M EU Contribution
 - 4Mt CO2 eq expected
- **Chemicals:**
 - Pretreatment and Upgrading of Liquefied waste plastic to Scale up Circular Economy
 - € 135M EU contribution
 - 10,3 Mt CO2 eq expected

Recommendations from consultants



europaean
association
of **nnovation**
consultants

Documents to be submitted ... complex

- Application Form Part A — contains administrative information
- Application Form Part B — contains the technical description of the project
- Relevant cost calculator
- Participant information (including CVs)
- Gantt
- GHG emissions calculator
- Feasibility study
- Business plan
- Detailed financial model sheets
- Knowledge sharing plan
- Letters of interest, agreements and permits



1. Project Preparation and Planning



Understand the **European ETS Innovation Fund's objectives**, eligibility criteria, and funding priorities.



Define the **project's scope, objectives, and expected outcomes.**



Conduct a **feasibility study to assess potential challenges, risks, and environmental impact.**



Develop a **comprehensive budget and financial plan** that aligns with the Innovation Fund's requirements.



Ensure **compliance with all relevant legal and regulatory requirements.**

2. Project Evaluation and Innovation



Assess **project eligibility**, considering geographic scope, sectoral coverage, and size thresholds.



Conduct an **environmental and social impact assessment** to meet EU regulations and sustainability standards.



Address **permits, licenses, and any legal considerations**.



Estimate the **capital expenditure (CAPEX)** required for your project and clarify the expected principal product.



3: Emissions Reduction and Innovation

- Evaluate your project's **potential for significant greenhouse gas emissions reduction compared to existing technologies in your sector.**
- Consider whether your project achieves **lower emissions than the market reference**, including EU ETS benchmarks if applicable.
- Assess whether your project's innovation **goes beyond the commercial state-of-the-art.**
- Confirm that your project aligns with the **definition of innovation** as defined by the Innovation Fund.
- Explore the potential for your project to lead to **further deployment of the innovation beyond** the project site and at the European level.

4: Project Documentation and Financial Planning

- Ensure you have a **credible business plan** with detailed and auditable financial modelling.
- Evaluate your **confidence in securing funding commitments** to enable financial close within 48 months after signing the Innovation Fund Grant Agreement.
- Ensure that you **have a technical feasibility study approved and signed off** by your board or CEO.
- **Provide updates on the status of your Front-End Engineering Design (FEED) study and Technology Readiness Level (TRL)**, aiming for TRL 4 or above.
- **Maintain clear records of the TRL evolution of your technology.**



5: Self-Assessment and Competitiveness



Utilize the Innovation Fund's **self-check questionnaire** to assess your project's readiness before initiating the proposal development.



Make a preliminary estimation of the **potential score** your project could achieve based on the award criteria.



Ensure that your project is at a mature stage, necessary permits, agreements, and a well-documented business plan.



Pay close attention to the **correctness of GHG emissions calculations** and the financial maturity of the project, as these factors often lead to proposal exclusion.



Recognize that competition is tough and **focus on achieving a high cost-efficiency ratio** :
be prepared to **adjust the funding request** accordingly to improve cost-efficiency.

Marie Latour
EAIC Board of Director
mlatour@euro-funding.com

europaean
association
of **i**nnovation
consultants

info@eaic.eu
www.eaic.eu

#EAIC
@eu_innovconsult