



# **EU Process Industry Conference: A look to the future The EU Climate & Energy framework / Innovation Fund**

**A.SPIRE, Brussels, 19 September 2017**

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European Commission**

# Overview

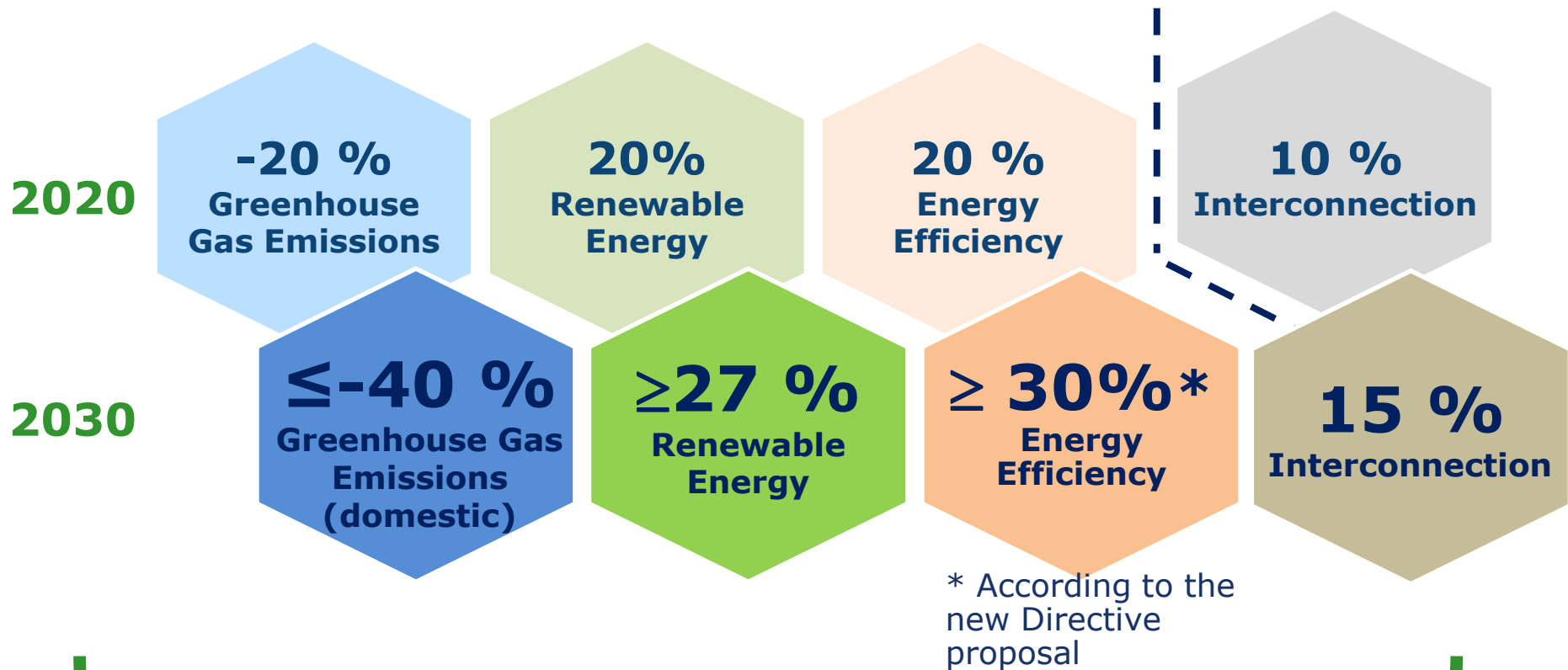
## 1. **Implementing the Paris Agreement:**

Making growth and climate objectives compatible through innovation and sustainable finance

## 2. **The innovation fund:**

Outcome of the stakeholders' consultations

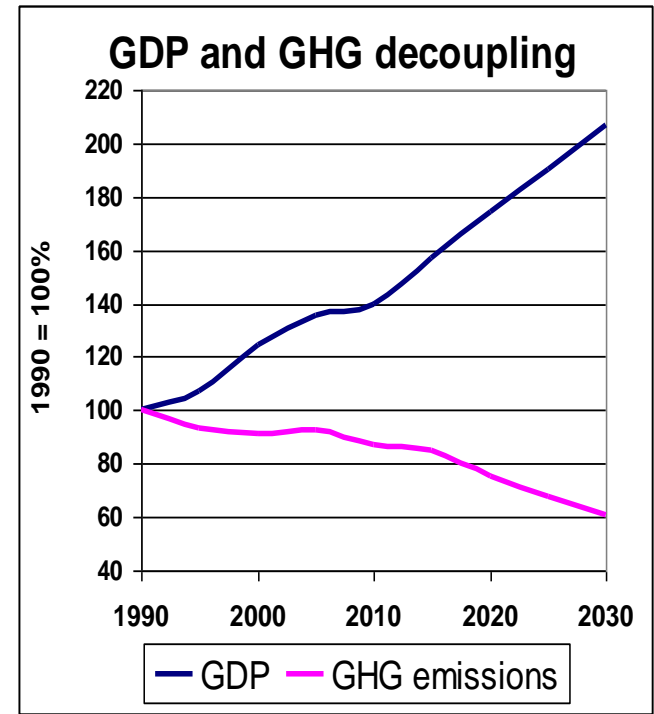
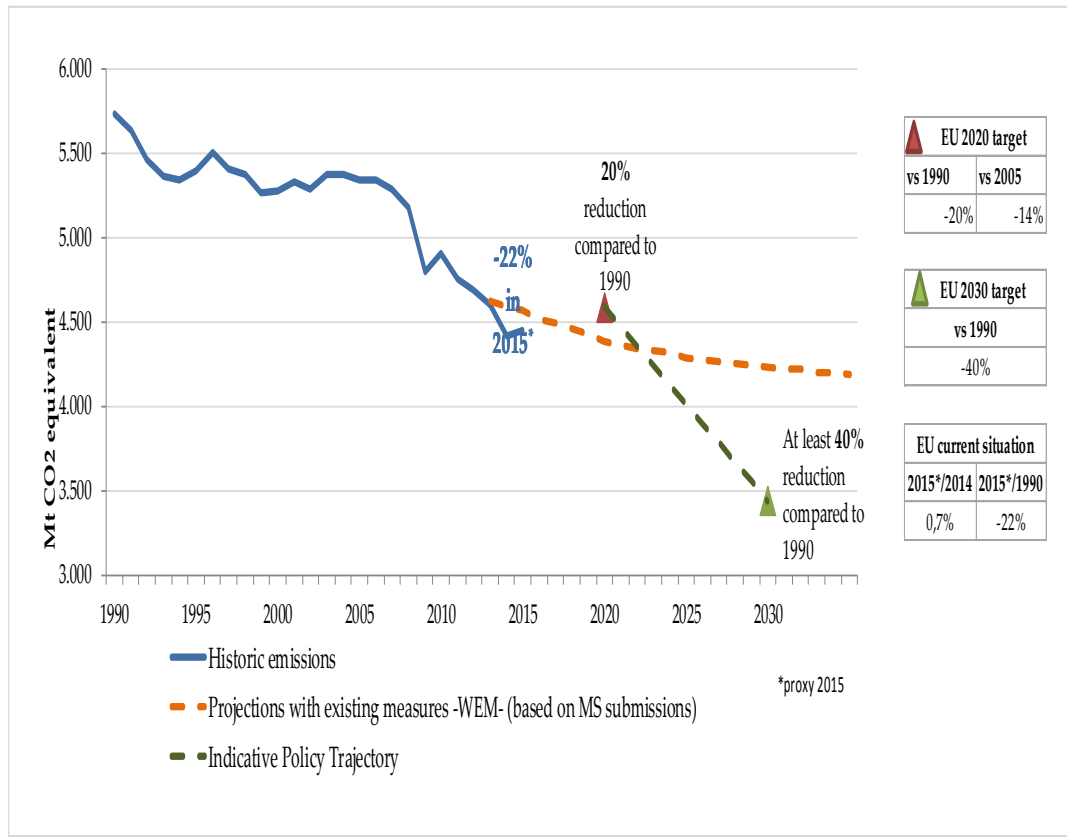
# October 2014 **European Council** agreed headline targets of the 2030 climate and energy framework



Energy Union governance

Climate  
Action

# The development of EU GHG emissions since 1990, future projections until 2030



# Sustainable finance : Climate action at the heart of EU agenda

- Examples of climate targets for the current framework:

Program	Climate target
European Budget (MFF) 2014-2020	20%
Specific sub targets: • <i>Horizon 2020 (Research and Innovation)</i>	35%
EIB portfolio 2014-2020	25%
EFSI II (2017 – 2020)	40%

## EU 2021 - 2030: Innovation + Modernisation Funds

Coverage	Innovation Fund	Modernisation Fund
Sector	Innovative RES, CCS / CCU Low-carbon innovation in energy intensive industries Low-carbon innovation in small scale projects	Energy systems, mainly infrastructures (including utilities & networks) and energy efficiency
Geography	EU-28	10 Eastern Europe MS
Innovation level	First of a kind/demonstration	Deployment
Endowment	From 450 to 600 million allowances	Around 310 million allowances (2% of EUAs)
Starting date	From 2021 at the latest	

### Roundtable consultations Series for IF

- ✓ Innovation perspective & Financial needs from Industry
- ✓ Involvement of finance providers
- ✓ Report available at:  
[https://ec.europa.eu/clima/events/articles/0115\\_en](https://ec.europa.eu/clima/events/articles/0115_en)

# Financing needs: Main conclusions from the IF roundtables

- ✓ *No shortage of low-carbon solutions that should be demonstrated in the coming decade.*
  - **85 Pathways & Technologies identified, many of them cross-sectoral**
- ✓ *Markets, technologies and investments change and evolve rapidly.*
  - **definition of eligible technologies**
- ✓ *Cross-sectorial cooperation may unlock new value chains and economic benefits*
  - **CCS infrastructure, Hydrogen, Energy Storage or Integration of Renewables**

- ✓ *Financial support for projects should be linked with their risk profile.*
  - **Heterogeneity of financial instruments**
- ✓ *Milestones funding according to investment cycle*
  - **re-direct financing from underperforming projects to performing ones**
- ✓ *Complementarity with other relevant EU Financial Instruments*
  - **Innovation Fund as a set of financing products and services**



## IF Next steps

- ✓ *12-week public consultation*
- ✓ *Impact Assessment*
- ✓ *Subject to adoption of the ETS proposal this year, our objective is to come up with the operational rules for the Innovation Fund in 2018*
- ✓ *Launch the Innovation Fund close to or before 2020.*

# Conclusions



- *Paris Agreement is **a milestone** for the transition to a low carbon economy*
- *Climate mitigation and growth are two sides of the same coin: **innovation as a driver** of competitiveness and growth*
- *Significant sustainable investment needs, avoid lock-ins, "green finance" is **not a niche product anymore***
- *Public and financial sector **cooperation** is needed for derisking breakthrough innovation*
- *EU financial instruments offer many **opportunities***



# Thank you!

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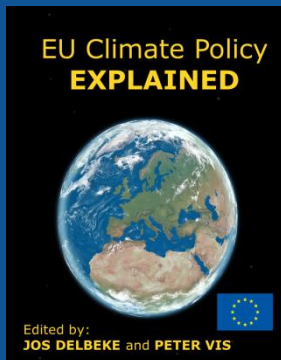
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## Read our book "EU Climate Policy Explained" (published by Routledge, 2015)

English, French, Spanish, Chinese versions online :  
[http://ec.europa.eu/clima/citizens/publications/index\\_en.htm](http://ec.europa.eu/clima/citizens/publications/index_en.htm)

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