



A BIGGER AND MORE INCLUSIVE THIRD CALL FOR THE INNOVATION FUND LARGE-SCALE!

Before analyzing the new third Innovation Fund (IF) Large-Scale (LS) call, we are very proud to announce that GO4ECOPLANET and ReLieVe, the two Innovation Fund Large scale projects we built in 2022 for the 2nd Innovation Fund Large-scale call, have just been granted by CINEA!

GO4ECOPLANET and ReLieVe

"[GO4ECOPLANET](#)" led by LAFARGE POLAND will implement a full CCS value chain from their Kujawy cement site to North Sea sinks. It is the biggest project of the 2nd call, receiving 228M€ of funding for an avoidance of 10M tons of CO₂eq.

"[ReLieVe](#)" led by Eramet (France) will be the first battery recycling project of the Innovation Fund, to be deployed in Dunkirk, with a grant of 67M€, allowing the treatment of 50Kt of end-of-life Li-ion batteries per year for a global avoidance of 4.2Mt of CO₂eq over the first ten years of plant operation.

Coming back to the new Innovation Fund Large-scale call, CINEA has introduced some substantial changes compared to the first two editions, clearly aiming to rebalance things between big and mid-sized projects. The Executive Agency has changed its mind a little bit, ending its "closed club" approach for big impactful projects, and also preventing "apples to oranges" comparisons.

CINEA's new approach

CINEA has set up a quite elaborated system of one general and three specific call topics, or thematic “windows”, and also downgraded the GHG avoidance criteria, aiming for a fairer competition between comparable projects:

- First, the system of windows will allow projects to compete against projects of the same sector with similar levels of CO₂ emissions abatement. Low carbon or renewable H₂ and CCUS projects won't be in direct competition anymore, each having a window: the general topic for CCUS, and the electrification & hydrogen topic for innovative H₂ production and application
- The absolute GHG emission avoidance sub-criteria score (1ba) is now scored out of 2 (instead of 5). Projects with lower GHG avoidance but high CAPEX & OPEX will have more chance not to be disqualified under this criterion
- As a result, whatever the sector, projects under 2M tons of CO₂eq avoided (over the 10-year monitoring period) have a chance to win, which was almost impossible under the first two calls...

However, the importance of the GHG avoidance volume is here to stay. The aim to massively reduce GHG emissions is at the core of the Innovation Fund and will remain a key factor for the evaluation through the cost efficiency criteria (5-5b) where the requested grant is divided by the absolute GHG emission avoidance to determine the cost efficiency ratio:

- Even if projects with lower GHG avoidance can now obtain a better score under the GHG criteria thanks to a better relative score (1b2) and calculation quality (1b3), it will continue to affect the cost efficiency ratio! Cost efficiency averages for winning projects were extremely low under the two first calls (e.g. 18€ and 15€ per ton)
- The new window approach will probably lead these figures to increase, notably for green H₂, e-methanol and recycling projects. Under the first two calls, it was difficult for projects to be selected with cost efficiency superior to 30/35€ per ton... the ratio should now be higher, but it is too early to propose a clear threshold at this stage...

We also notice a very well detailed scoring for each window, which highlights the importance of the Innovation criterion. In the past calls, we favored project maturity (3-3b) and GHG avoidance, but the Innovation criteria (2-2b) seems to be more important this time:

- The first section of the Part B is now dedicated to the Innovation criterion, which was a little bit diluted in the Feasibility Study (FS) and the Part B under the previous format
- Innovation is considered first in the evaluation process and if the innovation criterion minimum threshold is not met, the evaluation will stop!
- Breakthrough innovation is sought, not incremental and the European state of the art for consideration now includes the previously funded Innovation Fund projects
- In the windows for manufacturing of components and pilots, innovation has an even higher weighting (x2)

All things considered, through this third call for projects, CINEA proposes a more inclusive funding instrument for all industrial decarbonization projects (particularly in EU Members states not yet granted by the IF) with a budget doubled to EUR 3 billion. We can reasonably estimate

that up to 30 large-scale projects could be funded in 2023, against 7 in 2021 and 17 in 2022. In a nutshell, there is more chance to be funded regardless of the sector!

The Innovation Fund remains the main EU program to finance the decarbonation of industry and even more funds are expected to be available until 2030. According to the recent European agreement on the reform of the ETS market, the Innovation Fund budget will continue to grow, to around €50 billion. The US Inflation Reduction Act and its even more generous funding for the transition (4 to 5 times larger than EU subsidies), could also push the EU to reallocate additional budgets to the Innovation Fund program... So, large perspectives to finance and initiate the industrial transition to green technologies!

[Benoit Merland](#)

Grant & Innovation services Manager

PNO CONSULTANTS FRANCE