



DIAMONDS4IF

DISCOVERY, IDENTIFICATION, APPLICATION, AND MONITORING OF
DEVELOPED SOLUTIONS FOR INNOVATION FUND

GUIDELINE – ELIGIBILITY CRITERIA FOR THE INNOVATION FUND

WHAT IS INNOVATION FUND?

Do you know that the Innovation Fund (IF) is not a grant scheme unlike any other you might have experienced with?

So let's explain what European Innovation Fund grants are!



The [EU Emission Trading System](#) (ETS) is a cornerstone of the EU's climate policy and its key tool to reduce greenhouse gas emissions cost-effectively. It is the world's first carbon market and remains among the largest ones globally. Carbon emitters companies in Europe need to participate at the ETS, they must buy ETS allowances and pay for their emission rights.

Vice versa, revenues generated by the ETS are reinvested in the [Innovation Fund \(IF\)](#), one of the world's largest funding programmes for innovative low-carbon technologies, for the companies that want to reduce their CO₂ footprint.

In this system, if a company invests in innovative technical solutions to reduce its emissions, it can partially recover the costs incurred for its technological innovation and related investment, and finally manage its ETS certificates incl. selling any surplus.

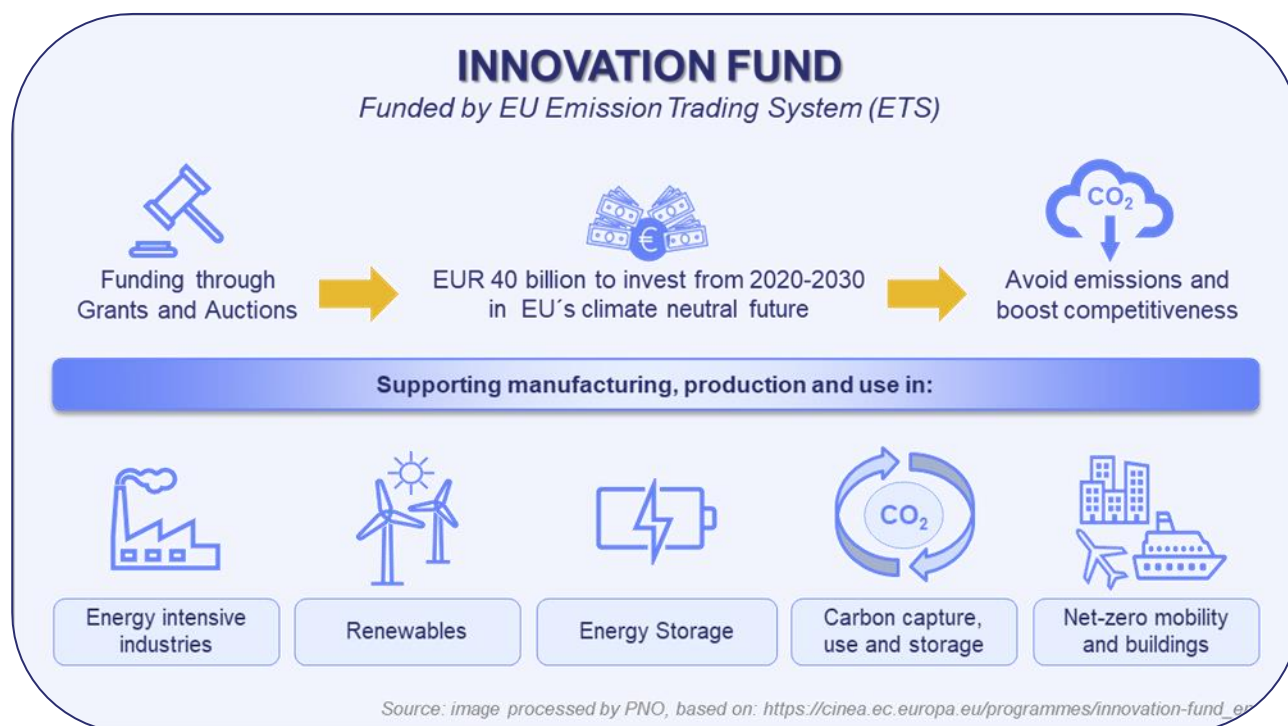
In short

IF budget comes from the ETS. Carbon emitters must buy ETS allowances, and part of these revenues provide for the budget of the Innovation Fund in order to support investments aiming at the decarbonization of European industry.

The total budget available will, therefore, depend on the carbon price development. In return, industry is invited to apply with innovative projects to receive support from the Fund.

However, the Innovation Fund is not for everyone. And it is very different from other grant schemes you might know.

So, what does this mean?



As a rule of thumb, the companies, that participate in the EU ETS, can also apply for Innovation Fund grants. As illustrated in the figure above, these are mainly the **carbon intensive industries**, for example chemical companies, steel and cement producers, but also others like **power plant** operators. Recently, the **maritime sector**, **aviation**, **road transport** and **buildings** have been added to the list, as they are part of the so-called ETS2.

But this is not yet the whole story.

Some additional sectors are urgently needed to support the decarbonization of these industries, and thus, are eligible as well. **Renewable energy generation** and **storage**, as well as **CO₂ capture, usage**, and **storage applications**, are invited as well. Finally, manufacturers that provide the **technology needed for energy generation and storage**, can also enter the game.

Innovation Fund – Eligible sectors (1/2)



Sectors listed in Annex I and Annex III to the EU ETS Directive 2003/8720, for example:

- Energy intensive industries (chemical sector, cement and steel manufacturing etc.)
- Maritime sector and aviation
- Net zero mobility and buildings

Innovation Fund – Eligible sectors (2/2)



- Construction and operation of innovative renewable energy and energy storage technologies
- Carbon capture, geological storage and utilization
- Manufacturing of innovative clean-tech components for hydrogen production/consumption, renewable energy and energy storage

So, where is the funding available?

That's easy! The funding is available across Europe, and investors from outside Europe can also apply if they plan to establish a new plant within **Europe and EEA countries**.

Remember:

- The Innovation Fund is financed by companies that buy emission allowances
- All companies, that participate in the EU ETS, and the enablers for their decarbonization, like renewable energy and technology providers, can apply
- Investments are supported, if they are installed in Europe.

Innovation Fund – Geographical scope



- Participating legal entities (public and private bodies) can be established in **any country in the world**.
- Projects must be located in **EU Member States or EEA countries (i.e. Norway, Iceland or Liechtenstein)**.
- Projects may also be located in **Northern Ireland** on the condition that they concern the **generation, transmission, distribution or supply of electricity**.

In a Nutshell:

- The **budget** of the Innovation Fund is financed by the **revenues of the European Union's Emission Trading System (EU ETS)**.
- **Eligible to apply are companies from all sectors, that participate in the EU ETS, and the enablers of their decarbonization, like renewable energy and technology providers.**
- Investments are supported, if they are **installed in Europe (EU and EEA countries)**.

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Let DIAMONDS4IF be your trusted partner in navigating the Innovation Fund and unlocking the full potential of your projects. DIAMONDS4IF has been set up to explain the unique features of the Innovation Fund to you!

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The information contained in this video has been prepared solely for the purpose of providing information about DIAMONDS4IF project and the topic of Innovation Fund. The European Commission is not responsible for any use that may be made of the information the video contains.

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