



Executive Vice-President Timmermans  
European Commission  
Rue de la Loi / Wetstraat 200  
1049 Brussels  
Belgium

20 September 2022

### Renewables displace fossil fuels - the Innovation Fund must recognise this

cc: European Commissioner for Energy Kadri Simson

cc: European Commissioner for Innovation, Research, Culture, Education and Youth Mariya Gabriel

Dear Executive Vice-President,

Renewables displace fossil fuels. And in doing so, they make a critical contribution to decarbonisation. We therefore welcome your efforts to rebalance the Innovation Fund to better include renewable energy.

The 'clean tech manufacturing' and 'mid-sized & highly innovative' windows are particularly important for renewables. These windows can deliver a wide range and depth of innovative renewable projects. Such projects will form the basis of Europe's future energy system whilst strengthening jobs, sustainable growth, competitiveness, and the EU's strategic energy independence.

It is therefore essential that these windows are well-resourced within the 3<sup>rd</sup> call budget.

But these windows will only deliver if the main administrative barrier for renewables is removed - the Fund's current approach to measuring 'Avoided greenhouse gases':

- The Fund's approach to avoided greenhouse gases (GHG) emissions from **electricity-generating renewables** has been [tested via an extensive modelling exercise](#). 26 different models were run – and in every case avoided GHG emissions from renewables were substantially more than assumed by the Fund's methodology. The analysis has been shared with your services.

- The Innovation Fund's current approach to avoided GHG emissions from **heating & cooling renewables** assumes that new projects will displace gas only. But in reality the fossil fuels supplying the EU's heating & cooling include a more carbon-intensive mix of gas, coal & oil.

The consequence is a systematic underestimation of renewables' avoided GHG emissions. This has a large impact on how renewable proposals score - 2 of the 5 Fund's criteria are based on 'avoided GHG'.

This may explain why - of all the various renewable technologies - only 3 renewable projects have been selected in the large-scale calls. This compares to 11 projects with carbon capture, and 6 with hydrogen.

To correct this, we recommend:

1. The 3<sup>rd</sup> large-scale call assumes that renewables exclusively displace fossil fuels, with multipliers for dispatchability, diversity, etc. This is far more accurate than the current assumptions.
2. The Commission undertakes modelling to improve its estimates of avoided GHG emissions due to renewable energy sources - prior to the 3<sup>rd</sup> large-scale call.

An Innovation Fund which recognises and put renewables at its core will help the EU to meet energy independence and deliver on the REPowerEU targets. It is also essential to Europe's global leadership in the sector.

We stand ready to work with your services to make this a reality.

Best regards,

*Jean-Marc Jossart, Secretary General - Bioenergy Europe*

*Thomas Nowak, Secretary General - European Heat Pump Association*

*Prof. Dr. Dörte Fouquet, Director - European Renewable Energies Federation*

*Dr. Johan Lindahl, Secretary General - European Solar Manufacturing Council*

*Bérénice Crabs, Secretary General - European Solar Thermal Electricity Association*

*Anton Schleiss, Coordinator - ETIP Hydropower Europe*

*Rémi Gruet, Chief Executive Officer - Ocean Energy Europe*

*Pedro Dias, Secretary General - Solar Heat Europe*

*Walburga Hemetsberger, Chief Executive Officer - Solar Power Europe*

*Greg Arrowsmith, Secretary General - The Association of European Renewable Energy Research Centers*

*Giles Dickson, Chief Executive Officer - Wind Europe*



**FRANS TIMMERMANS**  
Executive Vice-President

Brussels, 14/11/2022

Dear Mr Gruet,

*I would like to thank you for your letter of 20 September 2022 with proposals for better addressing the potential of renewables within the Innovation Fund's evaluation and award procedure and specifically on the greenhouse gases (GHG) methodology.*

*The Innovation Fund is a powerful instrument to drive EU low-carbon transition in many sectors, including energy-intensive industry, innovative renewables, carbon capture, use and storage and energy storage. In line with the REPowerEU Plan and its priorities, the next Innovation Fund call for large-scale projects, published on 3 November, will be doubled in terms of available budget and will include dedicated topics for: (1) innovative electrification and hydrogen applications in industry, (2) innovative clean tech manufacturing (such as electrolyzers and fuel cells, innovative renewable equipment, energy storage or heat pumps for industrial uses), (3) mid-sized pilot projects for validating, testing and optimising highly innovative solutions, in addition to the general decarbonisation topic open to all remaining eligible projects.*

*During the call preparation, the Commission engaged with stakeholders via workshops and conducted a survey to collect input for the call preparation. I would like to thank you for your positive involvement. I assure you that DG Climate Action, together with the European Climate, Infrastructure and Environment Executive Agency (CINEA) and the Joint Research Centre (JRC), duly considered the input received, and the call-specific scoring methodology may already address some of your concerns. I am aware that a technical meeting already took place between my services and representatives from your associations to discuss the GHG methodology recommendations raised in your letter, which however arrived after the call preparation period. I can reassure you that DG Climate Action and the supporting services are fully engaged in continuously improving the Innovation Fund and welcome your relevant input.*

*./..*

Mr Rémi Gruet  
Chief Executive Officer  
Ocean Energy Europe

E-mail: [d.cagney@oceanenergy.eu](mailto:d.cagney@oceanenergy.eu)

*I would like to reiterate that the next call with a doubled budget of EUR 3 billion will be offering excellent opportunities for the renewable energy sectors and I call on all the business associations to engage with your respective membership to prepare and submit proposals of the highest quality that will stand out in the necessarily strict evaluation and highly competitive process.*

*Sincerely yours,*

A handwritten signature in blue ink, consisting of stylized initials and a surname, positioned above the printed name.

*Frans Timmermans*