



Executive Vice-President Timmermans
European Commission
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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 3rd 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 3rd 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 3rd 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