EGEC views on the proposed changes to the Innovation Fund application procedure

EGEC, the voice of the European geothermal industry, is a not-for-profit association representing the entire value-chain of the industry across 28 countries. It is included on the European Transparency Register number: 11458103335-07. Further information can be found at www.egec.org.

We welcome the opportunity to respond to the consultation on proposed changes to the Innovation Fund application procedure. Our observations and recommendations are:

1. **Choosing between a one-phase or two-phase selection procedure for the call for large-scale projects:** We agree with the European Commission’s proposal to have the flexibility to choose between a two-phase and one-phase selection procedure for the call for large-scale projects. It is crucial to provide timely support for innovative and mature technologies and reduce the period between the submission of an application and the provision of funding. Importantly, within the context of economic recovery, quick deployment of investments in market uptake of renewable energy technologies is essential.

   When applying a one-phase selection procedure the European Commission must provide sufficient time for high-quality project submissions from a diverse range of renewable energy technologies to be made.

2. **Providing project development assistance in the form of grants and technical assistance facility:** We welcome the European Commission’s proposal to diversify its project development assistance option by including the possibility to offer technical assistance services. For innovative geothermal energy projects, both options are of crucial importance. Project development assistance, in form of grants, facilitates capacity building especially in SME project developers, and improves the overall quality of successful project proposals. Technical assistance services are essential for supporting the lifecycle of geothermal energy project development that have the potential to meet the project maturity criterion outlined in the calls for large-scale projects.

3. **Ensuring balanced coverage of renewable energy technologies:** 69% of project proposals were in the energy intensive industries category and dominated by hydrogen.¹ There must be an equal balance of projects funded to reflect the need to urgently decarbonise both industry and the power sector. Furthermore, specific consideration must

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be given to innovative energy solutions that accelerate smart sector integration such as renewable heating, cooling and power applications in buildings and industry. 40% of the total energy consumed in industry is for low-temperature heat (below 100 degrees) whilst an additional 24% is used for medium temperature process heat requirements. These fall within the range of renewable heating and cooling solutions such as geothermal and therefore require dedicated innovation funding to maximise the potential of this abundant local renewable resource.

Therefore, we call for a **dedicated category for renewable heating, cooling, electricity and lithium extraction** in the Innovation Fund.

**Further information:**
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