

## Comments on the draft commission delegated regulation on the innovation fund

VDZ very much welcomes the opportunity to comment on the Commission's draft delegated regulation on the Innovation Fund. Carbon capture is an essential breakthrough technology to help the cement industry on its low carbon reduction path. [The 2050 CEMBUREAU Roadmap](#) indicates that the European cement sector can reduce 32% of its CO<sub>2</sub> emissions using conventional technologies. The big leap, however, will need to come from a successful implementation and scaling up of breakthrough technologies such as the carbon capture technology. It is currently the most promising way to reduce cement industry's emissions in order to reach 80% CO<sub>2</sub> emissions reduction by 2050.

Given the key importance of carbon capture technology the cement industry is strongly involved in a wide variety of capture projects. Each of them tests a separate technology but all have a retrofit potential on existing kilns. In addition, the cement industry is involved in projects that assess scalability and industry-readiness of the technology.

In this context, VDZ would like to make the following recommendations on the Commission's draft delegated regulation:

### 1. General remarks

- "Innovativeness of projects" should be clearly defined to facilitate a transparent process of selecting suitable projects.
- A precise definition of CO<sub>2</sub> emission avoidance is needed.
- Flexibility in the project selection and selection procedure should be introduced. This would allow the Commission to incorporate lessons learnt from call to call.
- The definition of carbon capture projects as requiring the full chain (capture, transport and avoidance) or part of the chain with secured storage contracts may disqualify some promising projects in the cement industry. Many current projects aim at optimising the capture technology in a first step. Transport and storage/use concepts will be developed from there. This gradual approach, rather than a big-bang solution, is best suited to successfully implement CCS and CCU. For this reason, the selection of projects should take into account future *potentials* for CO<sub>2</sub> avoidance (see sections 2.2 and 3.1 below).

### 2. Requests for clarification

#### 2.1 Innovativeness and project maturity (Article 3 and 11)

- Article 3 (a): The concept of "highly innovative technologies" needs to be clarified. Otherwise the provision can be misinterpreted.

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- Article 11 point 1 (b): The concept of “degree of innovation” needs to be clarified.
- Article 11 point 2: As it stands, the provision leaves significant room for interpretation. Being aware of the NER300 shortcomings, it should be ensured that Member States do not introduce maximum quota of accepted projects, which in the past had stopped some innovative projects from realisation.

## 2.2 Project selection and selection procedure (Article 12)

- Article 12 point 1: There should be no pre-selection only addressing Art. 11.1 a)
- Article 12 point 2: More flexibility for the selection process could be introduced by, for example:
  - all selection criteria are weighted equally (Art. 11.1 a-e and 11.2),
  - or a mix of different selection criteria, e.g. Art. 11.1 a) b) d)

## 2.3 Evaluation of the Innovation Fund’s implementation (Article 24)

The timing of this evaluation may be a matter of concern. Under Art. 30 of the EU ETS Directive, the Commission will review the EU ETS Directive in light of the global stocktake undertaken under the Paris Agreement. The first global stocktake is due to take place in 2023 so the review of the EU ETS will likely take place in 2024.

The Commission will then undertake a separate review of the Innovation Fund’s implementation just one year later. It is proposed that the Commission shall carry out an evaluation of the Innovation Fund in 2025 and every five years thereafter. Based on the results of the evaluation, the Commission shall make proposals to ensure that the Innovation Fund progresses towards the achievement of its objectives in the EU ETS and this regulation.

Therefore, it may be more efficient for the Commission to evaluate the Innovation Fund’s implementation in 2024.

## 3. Proposed amendments

3.1 Article 12 point 4: The potential of CO<sub>2</sub> emission avoidance should be addressed by adding the following in:

- “(e) the projected **potential** amount of greenhouse gas emissions to be avoided;”
- “(g) the projected **potential** amount of CO<sub>2</sub> to be stored;”

3.2 Table 1: Illustrative examples of potential projects (page 8 – 9): The following should be added in the “Industry” row:

- Cement and concrete product manufacturing:
  - „**Carbon storage in building products such as enhanced carbonation** “
  - "Lime, and gypsum, **cement and clinker product manufacturing**" (The mentioned projects are also crucial for cement industry)