Cottbus, 31.05.2021



**Adaptation proposal R & D & I framework in the context of the R & D & I Framework**

The [competence centre for climate protection in energy-intensive industries (KEI)](https://www.klimaschutz-industrie.de/) is a business area of the [future — environment — Gesellschaft (Zug) gGmbH.](https://www.z-u-g.org/)On behalf of the Federal Ministry of the Environment, Nature Conservation and Nuclear Safety (BMU), [the KEI manages the support programme ‘Decarbonisation in Industry’, which aims](https://www.klimaschutz-industrie.de/foerderung/foerderinformationen/) to contribute to making German industry climate-neutral and thus future-proof.In this capacity, the ECI provides advice and support to energy-intensive industries under the “Decarbonisation of Industry” support programme.

The Centre of Excellence for Climate Change in Energy-Intensive Industries is happy to take part in the process of revising EU state aid rules.Proposals to increase the maximum aid intensities for particularly effective projects in the field of climate protection and their possible operating costs are already included in the process of amending the EEAG.These are necessary in order to be able to sufficiently support investments in net-zero greenhouse gas (GHG) industrial installations at national level.

In particular, we are critical of the methodology used to determine the additional costs related to environmental protection through reference investments.This approach dates back to a time when companies have primarily invested in improving the efficiency of existing production processes.On the other hand, the EU Green Deal and national targets to achieve net-zero greenhouse gas emissions require fundamentally new production facilities and kick-start innovations for the decarbonisation of basic industries, the support of which is currently not sufficiently reflected in State aid rules.It is often technically impossible to establish comparable reference investment, so the total investment­costs of the projects should be considered eligible.In addition, such investments entail a significantly increased risk, which must reflect the absolute amounts of aid accordingly in order to have a sufficient incentive effect for decarbonisation.

However, this argument to adapt the R & D & I Framework and the corresponding maximum aid intensities also requires an adaptation of the R & D & I Framework.It is true that the total investment costs (as well as project-related operating costs) of research and development projects are already considered eligible for funding in a regular manner. the climate protection aspect and therefore the EU Green Deal have so far not been directly taken into account in the maximum aid intensities.While higher aid quotas for EU Green Deal projects may be easier to justify in the notification process, they would be preferable here.

In particular, the maximum aid intensities in the field of experimental development of greenhouse gas neutral processes would no longer be proportionate to the applicable maximum aid intensities for investment projects where there are no reference investments.The adaptation of the UEBLL described above would, for example, result in a TRL 8-9 for large companies and investments in greenhouse gas neutral production facilities.

Cottbus, 31.05.2021

The maximumaid intensity is 40 % of the total investment.On the other hand, for pilot plants with TRL 5-7 of the same undertaking receiving aid under the previous R & D & I, a maximum aid intensity of only 25 %.For this reason, we propose that the maximum aid intensities for industrial research and experimental development for R & D & I project should also be significantly increased with the explicit objective of net-zero GHG production.This is the only way to ensure the timely availability of the relevant technologies.In addition, the allocation of projects or individual work packages to the corresponding research terms “industrial research” and “experimental development” should be simplified.Here, on the one hand, the conceptual limits are very vague, while the maximum aid intensities differ dramatically.The EU’s reference to “own practice” and the Frascati­Handbook are of little help.As a result, there is enormous uncertainty in the setting of funding rates in projects.



Proposal 1:Adaptation of the individual legal frameworks (increase in the current legal framework specifically for industrial net-zero GHG projects in brackets)

|  |  |  |  |
| --- | --- | --- | --- |
| Maximum aid intensities | Small  Company | Medium-sized  Company | Large  Company |
| R & D & I framework for R & D projects on greenhouse gas neutral production processes | | | |
| Industrial research | 80 % (+ 10 %) | 70 % (+ 10 %) | 60 % (+ 10 %) |
| Experimental development | 70 % (+ 25 %) | 60 % (+ 25 %) | 50 % (+ 25 %) |
| Feasibility studies | 70 % | 60 % | 50 % |
| UEBLL specifically for investment projects in greenhouse gas neutral production processes | | | |
| Total investment costs | 60 % | 50 % | 40 % |
| Investments in the production of energy from renewable sources | 65 % | 55 % | 45 % |

Cottbus, 31.05.2021

Proposal 2:New, merged legal framework or harmonised individual legal framework for industrial net-zero greenhouse gas projects, with differentiation of maximum aid intensity over TRL scale/concepts



|  |  |  |
| --- | --- | --- |
| Small | Medium-sized | Large |
| Company | Company | Company |

Maximum aid intensities

Specific legal framework for industrial projects on net-zero greenhouse gas production processes (EU Green Deal)

|  |  |  |  |
| --- | --- | --- | --- |
| TRL 1-4 (Industrial  Research) \* | 80 % (+ 10 %) | 70 % (+ 10 %) | 60 % (+ 10 %) |
| TRL 5-7 (experimental development) \* | 70 % (+ 25 %) | 60 % (+ 25 %) | 50 % (+ 25 %) |
| TRL 8-9 (investment in fixed assets) | 60 % | 50 % | 40 % |
| \* In this case, | what has been done to date? | Continued EU R & D & I framework | |

project related operating costs are supported

**Centre of Excellence on Climate Change in Energy-Intensive Industries (KEI)**

Karl-Liebknecht-Str. 33 03046 Cottbus

Tel. 0355/47889-101 [kei@z-u-g.org](mailto:kei@z-u-g.org)

<https://www.klimaschutz-industrie.de/>