



## **Response TotalEnergies to the Consultation**

### **EU emissions trading system (ETS) – revise rules (e.g. competitive bidding under the Innovation Fund)**

TotalEnergies (TTE) believes that this proposal for a delegated act to change the way the Innovation Fund operates is a step in the right direction, as it would allow additional subsidies to be granted to projects that reduce the EU's GHG emissions - such as the renewable projects developed by the Company. For information, TTE's renewable European portfolio is made of 68% of so-called "small scale projects" and 31% of "medium scale projects" such as defined by the delegated act. To go further, TTE proposes to consider the following:

- The scope of targeted technologies, currently limited to "innovative techniques, processes and technologies" should be extended to include infrastructure: energy transmission or distribution networks, which play a key role in decarbonizing energy, and are subject to significant scope for innovation - cf. smart grids or to link emitting sites to a main CO<sub>2</sub> transport infrastructure.
- Less mature technologies (such as floating PV or hybrid projects) with significant potential for reducing greenhouse gas emissions should also be eligible for subsidies, in addition to mature technologies already covered by the text.
- The European Commission should consider the possibility of including a criterion relating to the contribution of projects to achieving the objectives of the NZIA regulation in the "additional applicable criteria" mentioned in article 11 of this proposal.
- TTE also supports the possibility of combining Innovation Fund contributions with contributions from other EU programs. It should be noted that one of the IRA's successes lies in the possibility of cumulating several tax credits.
- It's important to preserve the fund's ability to continue supporting CCS/CCU projects: the new definitions of project size and the launch of competitive bidding should therefore have no impact on this point. CCS/CCU technologies are one of the solutions being explored to decarbonize CCGTs.

#### **H2:**

- TotalEnergies considers that EU ETS Innovation Fund for the next 3 years should be spent through auctions based on price competition awarding support based on volume of production / abatement via a fixed premium in order to achieve maximum impact in the market
- In its amended Delegated Act, the European Commission proposed to
  - define small-scale project with CAPEX not exceeding €20m. TotalEnergies considers that this threshold should be decreased to €15m
  - introduce a definition of medium-scale project with CAPEX between €20m and €100m. TotalEnergies considers that this threshold should be increased to €300m with relevant costs identical to current large scale call Relevant Cost methodology, calculation of CAPEX, OPEX and benefits in terms of funding gap
  - decide to restrict the possibility for a project proponent to cumulate the support awarded on the basis of a competitive bidding procedure with EU funding or national public support to ensure a level playing field. Regarding hydrogen, TotalEnergies considers that it is important to combine the subsidies with other State Aid or EU fundings (e.g. Hydrogen Bank, IPCEI, Indirect Cost Compensation, Free Allowances from EU ETS). The objective should be to kick-start the



hydrogen value chain by enabling project developers to sanction projects and place orders with equipment manufacturers so that the latter can industrialize and drive the costs down. Therefore, the competitive bidding procedure should not discriminate between against projects that already received aids if they still face a funding gap before sanction.