Innovation Fund Technical Workshop 5-6 February 2020

Agenda





Innovation Fund Key features



Volume of at least EUR 10 billion until 2030 (at 20€ carbon price)	Support of up to 60% of additional costs related to innovative technology	Renewable energy CCS and CCU Industry Storage
Financed from the revenues of the EU Emissions Trading System	Support of additional capital <u>and</u> operating costs (up to 10 years)	First call in mid- 2020 with a volume of EUR 1 billion

Selection process



Commission



Grant disbursement



European Commission

First-phase selection criteria Expression of interest

GHG emissions avoidance

 To be delivered during first 10 years of operations

Degree of innovation

- Breakthrough technologies
- Consistency with 2050 climateneutrality
- Quantitative indicators

Project maturity

- Readiness to invest
 - 1 = feasibility study
 - 100 = "conditional investment decision"

Two additional criteria for full application

Scalability

- Market potential in a 2050
 - Number and scale of applications
 - Expected cost reductions
 - Resource availabilities

Cost efficiency

- Calculation of additional capital and operating expenses
- Requested grant in relation to promised GHG emissions avoidance

Cost efficiency =

Requested grant (up to 60% of relevant costs)

Expected GHG emissions avoidance

How aggressive or conservative do you want to bid?



European Commission

Principles for design of selection criteria

Close to business

Re-use the assessment that you have prepared for your CEO or investment bank

Easy and transparent for evaluators

Calculate with minimum of data Use publicly verifiable data where possible Consider verification by independent third party

Fit for first call

Methodology does not need to be perfect but ready for launch of first call

Can be further developed for later calls

GHG emissions calculations

Disbursement against delivery

 At least 75% of emissions avoidance need to be delivered to receive full grant amount

Reference scenarios

• Emissions avoidance calculated compared to reference scenarios (e.g. ETS benchmark for industrial installations)

Responsibility for delivery

- Monitoring through ETS MRV or RED reporting
- Possibly additional documentation through Power Purchasing Agreements or other contracts



Cost calculations

• Reference costs **OR**

• Reference plant

Relevant costs

• Additional capital expenditure +

• Reference price (e.g. LCOE) **OR**

 Net present value of additional operating costs and benefits over 10 years after entry into operations

Benchmark for additionality

Price risks

To hedge risks, additional costs could be calculated compared to <u>current</u> market prices

• Could be adjusted at disbursement milestones in case of significant price increase

Production risks

 Risk of lower production in first years could be modelled directly, e.g. through lower production volumes



Panel discussions











Agenda





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Summary and Conclusions



Call for experts and job opportunities at INEA

Next steps



Conference and Workshop on 11 and 12 March

Conference on innovative clean tech financing

- 3 sessions
 - High-level session
 - A financier's perspective: what makes an innovative clean tech project attractive?
 - A project promoter's perspective: how to structure the financing of innovative clean tech?

Workshop on project selection and grant management

- How to evaluate innovativeness, scalability and project maturity (incl. business viability)?
- How to support project's maturity?
- How to promote knowledge sharing?

INNOVATION FUND: CALL FOR EXPERTS

JOIN US TO SHAPE THE EU'S CLIMATE-NEUTRAL FUTURE

Q WHO ARE WE LOOKING FOR?

Technical expert	At least 5 years of experience in engineering, innovative technologies and decarbonisation of the different sectors of the Innovation Fund
Financial expert	At least 5 years of experience in financial institutions, companies, consultancies and expertise on project finance, investment banking, financial analysis, project structuring and risk analysis
Legal experts	At least 5 years of experience in national and EU frameworks on permitting, public procurement for the sectors of the Innovation Fund

WHERE DO I APPLY?

Register to join the database of external experts: ec.europa.eu/info/funding-tenders/opportunities/portal/screen/work-as-an-expert

When registering, refer to the "Innovation Fund" in the list of pre-established keywords and tick the "other programme" box in the application. Please also send your CV to INEA-Innovationfund-calls@ec.europa.eu

MORE INFORMATION

Innovation Fund: <u>ec.europa.eu/clima/policies/innovation-fund_en</u> Innovation and Networks Executive Agency: <u>ec.europa.eu/inea/en</u>

INEA recruits – join us!

DESCRIPTION

HOW TO APPLY AD7 Senior Project Manager Energy Innovation (closes 21/02/2020)

AD9 Senior Financial Engineering Manager (closes 07/02/2020) Experience in engineering and innovative technologies in the Innovation Fund sectors

Experience in project finance, investment banking, financial analysis and risk analysis in the Innovation Fund sectors

JOB DESCRIPTION

- Implementation of grant component of the ETS Innovation Fund;
- Assist in delivering the European Green Deal;
- Specific expert teams following the Innovation Fund sectors;
- Direct outreach activities, contact with industry and market;
- Negotiate grant agreements, manage the portfolio of projects and support funded projects;
- Provide further assistance especially on **financial structuring**;
- Monitor, communicate and exploit results.

WHEN? NOW

WHERE?

https://ec.europa.eu/inea/en/mission-objectives/job-opportunities

Please continue to support us

Give feedback on today's workshop

> Apply the calculation methodologies to your project and let us know the challenges

Join us on 11 and 12 March

Conference on Innovative Clean Tech Financing

Workshop on project selection and grant management Mobilize technical and financial experts

> Experts for project evaluation

Project managers at INEA