

Cost efficiency

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Cost efficiency– key points

Objective: assess the quality of the grant calculation and CE ratio

Relevant sections of the proposal and mandatory annexes

- **Cost efficiency is split in two parts :**
 - One automatic (scored on 12 points)
 - One “qualitative” on how the computation of Cost Efficiency ratio was made
- **Cost efficiency has minimum requirement for all topics €200/tCO₂eq except for Pilots**
- **For Pilots** where projects are more costly: **less stringent formula** for cost-efficiency criterion is applied: **12 – (12 x (cost efficiency ratio/2000))**
- **Application form, Part B, sections:**
 - 5 (Cost Efficiency)
 - Mandatory annexes : Financial Information File **to be filled completely** (which includes the Relevant cost calculator, the financial model Summary Sheet, the grant drawdown schedule and the cost efficiency calculation), documents mentioned under “Other Annexes” on page 13 of the call text if the Reference Plant relevant cost methodology is used



Cost efficiency

**Requested Innovation Fund grant
+ other public support ***

**Absolute GHG emission
avoidance**

During 10 years after entry into operation

**Maximum requested IF grant is
60% of total relevant costs**

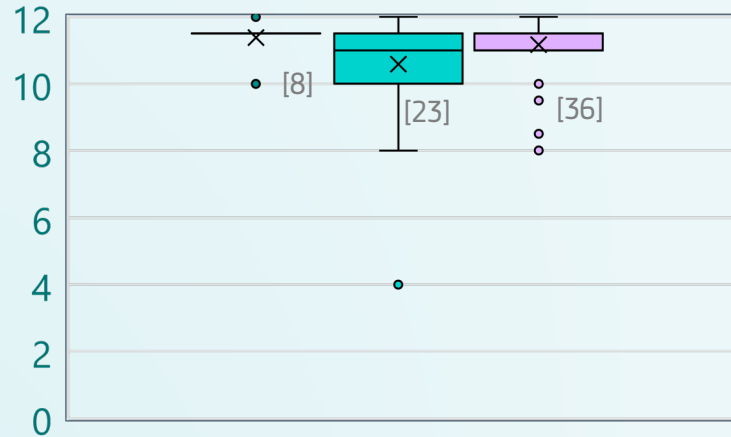
**Applicants choosing not to apply
for the maximum grant will be
more competitive when ranked
against other applicants in 'cost
per unit performance' metric.**

- 1) *Other public support must impact the same project (i.e. the case of cumulation) and include State aid or funding from the EU funding programmes*
- 2) *For public support received during operation, the rule is to add the undiscounted amount during the first ten years of operation*
- 3) *Some forms of State aid such as taxes or tariff reductions can only be reflected in the Relevant Costs*
- 4) *Cumulation rules must be respected (for State aid: see Commission guidelines such as GBER or CEEAG), for other EU funding programmes – see “no double funding” rules in the Financial Regulation.*

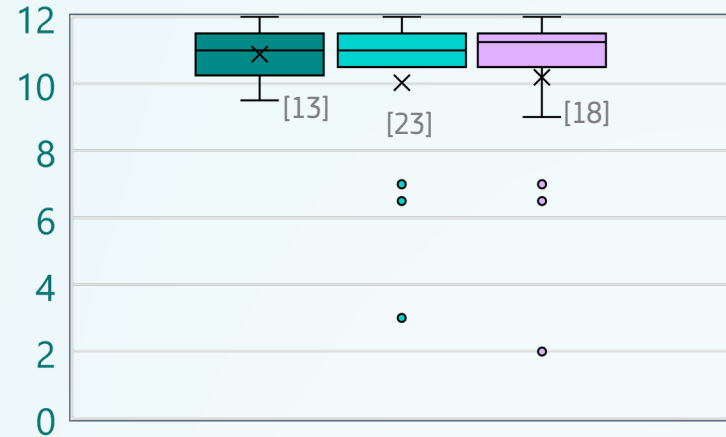
Cost efficiency

Scores per topic LSG-22

GENERAL



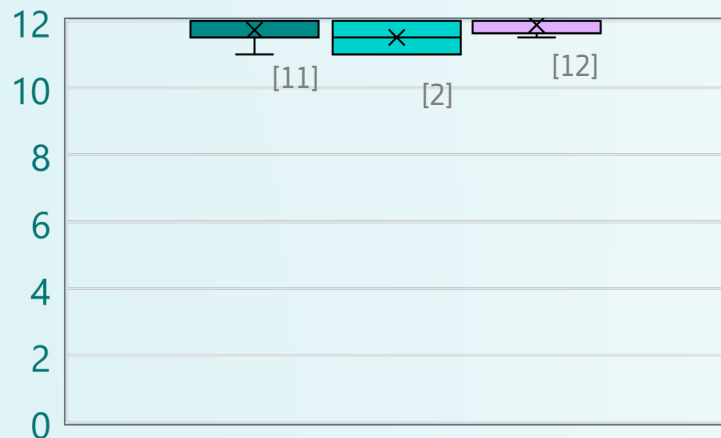
IND-ELEC-H2



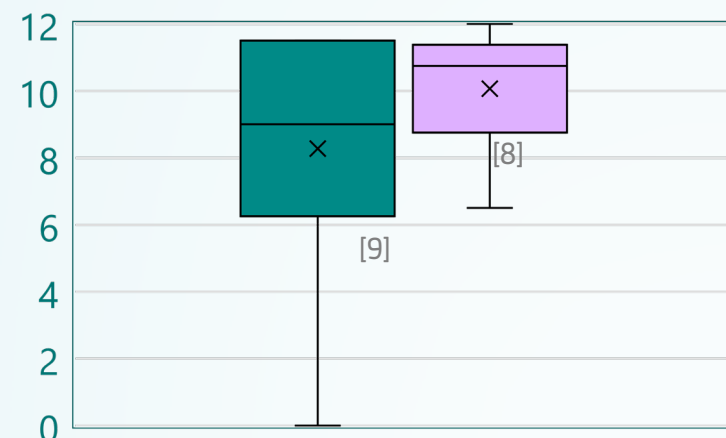
Proposals evaluated

- Pre-selected for grant preparation
- Beyond available budget
- Not meeting minimum thresholds

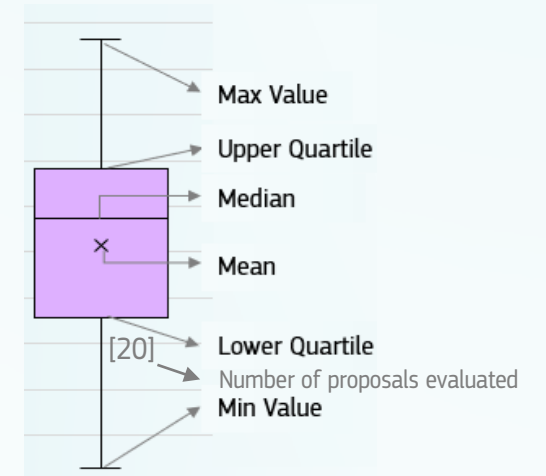
MANUFACTURING



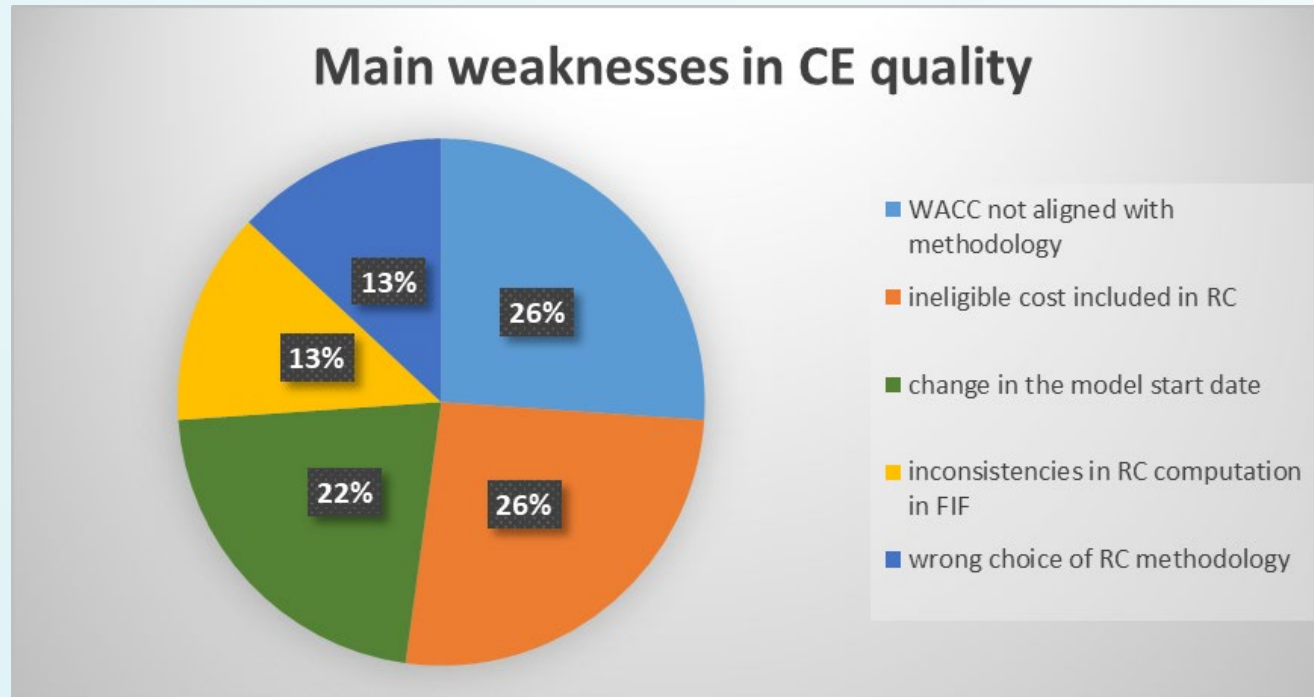
PILOTS



How to interpret these graphs



Main reasons for failure in Cost Efficiency quality



Several measures have been taken in the documentation to grasp address the points mentioned above:

- Further streamlining the Relevant Cost (RC) methodologies and simplifying the WACC computation by proposing default values for Beta and ERP.
- Clarifying even more the eligible costs for the RC computation in the guidance.
- Locking calculation cells in the FIF.