



# LIFE-2023-CET-PRIVAFIN TOPIC

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*Michele SANSONI, Adrien BULLIER, Project Advisers  
LIFE Energy + LIFE Climate, CINEA*

# Objectives

- Significant investment in EE and small-scale RES needed to achieve EU Green Deal and REPowerEU
- Essential to maximise the mobilisation of private capital - public funds as a catalyst and an enabling regulatory framework
- PRIVAFIN supports that with two avenues (scopes):
  - A. Innovative financing schemes for investments in sustainable energy
  - B. Mainstreaming sustainable energy finance
- Sustainable energy = energy efficiency and small-scale renewables, particular focus on energy efficiency



# Eligibility and budget size

- Proposals must be submitted by **at least 3 applicants** (beneficiaries, not affiliated entities) **from 3 different eligible countries.**
- Estimated EU funding: up to EUR 1.5 million



# Scope A: Innovative financing schemes

Set-up of innovative financing schemes for sustainable energy investments:

- Leveraging private finance
- Dedicated focus on energy efficiency (EE)
- In at least 1 eligible country – with ambition and efforts to expand
- Operational by end of the action
- Investments may be implemented after project completion



# Scope A - Indicative financing schemes

- Equity, debt, mezzanine financing, potentially combined with non-reimbursable grants (“blending”)
- Guarantees, risk-sharing, insurances or other de-risking instruments
- Energy services such as energy performance contracting and variants used to finance investments
- On-bill, on-tax and building-based financing, with debt attached to the energy meter or the building
- Complementing existing local / regional technical assistance facilities, in particular for home renovation
- Refinancing mechanisms, securitisation vehicles and green bond schemes.
- Local investment structures, including citizen financing (e.g. crowdfunding) for energy efficiency.
- Market-based instruments relevant for sustainable energy (e.g. carbon finance, EE obligations, etc.).
- Brokering, aggregation or clearing houses, facilitating matching of demand and supply



# Scope A - Elements to be addressed

- Establishment of innovative, operational financing schemes for energy efficiency and/or integrated renewables in at least 1 eligible country:
  - Possible to build on/upscale successful financing schemes e.g. H2020 PDA / ELENA
  - Provision of finance and structuring of demand (regional / national level)
  - Targeting specific region(s) / sector(s), justify innovation and complementarity
  - Demonstration of market potential, as well as business case and financial viability
  - Plan replication and/or rollout of the scheme beyond the region(s) targeted



# Scope A - Relevant projects (H2020/LIFE-CET)

- **SEIFA**: Private equity fund, equity and mezzanine financing for industrial SE investments in Central and Eastern Europe, supported by dedicated software platform facilitating project aggregation and pipeline creation
- **ESI Europe** and **ESI 2.0**: Energy savings insurance mechanism for SMEs, based on simplified independent validation / verification and standardised contractual arrangements
- **Ren-on-bill**: On-bill financing for residential building renovations, based on an open-source Energy Renovation Valuation Tool to rate investment projects
- **ACCE**: Development / scale up of collective Community Energy Financing Schemes for energy cooperatives and communities in 5 EU countries
- **eEaaS**: Energy efficient equipment-as-a-service: new business model and financial structure for industrial SMEs



# Scope B – Mainstreaming sustainable energy finance

- Make sustainable energy investments more attractive to private investors
  - Need to change the approach of financial institutions to energy efficiency
  - Clarify the impact of energy efficiency on sustainability and risk profiles – in relation to the sustainable finance policy
- Link to the works of the Energy Efficiency Financial Institutions Group ([https://ec.europa.eu/eefig/index\\_en](https://ec.europa.eu/eefig/index_en))
- Engagement with and adoption of the results by the private finance value chain is key!
  - including institutional investors, but also retail banking branches, brokers, fund managers, investment advisers, insurers, etc.,





# Scope B – areas of work

- Financial products, including insurance:
  - Development, evolution, labelling and certification
  - provision of information and potential advice to the borrower or investor
  - focus on the retail side and/or capital markets
- risk and sustainability assessment of private investors
  - integrating the specificities of EE/RES, including multiple benefits
  - project level (e.g. creditworthiness analysis, quality standards, benchmarking data)
  - or portfolio level (e.g. internal ratings-based approaches, climate stress-testing, analysis of investment strategies, etc.)

# Scope B – areas of work

- data on energy efficiency investments and their financial performance
  - including standards to report on the energy performance of investment portfolios
  - (for broader work on building energy data, submit under the BETTERRENO topic)
- support to policy makers, regulatory bodies and supervisory authorities on sustainable energy related activities
  - for example on risk ratings and stress testing related to energy performance of assets
- EU sustainable finance principles:
  - accelerate implementation by private investors and/or companies for sustainable energy investments
  - including investments not yet covered by the EU taxonomy



# Scope B – areas of work

- Capacity building at all levels of the private finance value chain,
  - exchanges of best practices,
  - development of training programmes
- evolution and/or rollout of existing training programmes



# Project examples (H2020 / LIFE CET)

- **PROPEL:** IT based framework for valuation and benchmarking of sustainable energy projects (energy efficiency, demand response, distributed renewable generation etc.) reducing transaction costs and risks
- **CRREM** - the Carbon Risk Real Estate Monitor Project – integrating energy performance in the portfolio management of real estate investors
- **Energy Efficient Mortgage Initiative (EEMMIP) – Nordic Energy Efficient Mortgages Hub (NEEM) - ENGAGE** – Development of the energy efficient mortgage market
- **TRANSPAREENS** – Energy & ESG rating for SMEs
- **CONFESS:** ESG rating for clean energy SMEs
- **QUEST:** risk appraisal tool for investments in building renovation with integration of quality management services and non-energy benefits
- **LEVEL EEI** – Supporting the development of green financial products addressing EE/RES and checking compliance of existing green products
- **REFINE** - set up a refinancing cycle through the sale of receivables from energy efficiency services in 10 countries



# What makes a good proposal under both scopes?

- Adequate analysis of the **market needs and existing barriers** – see in particular existing projects and initiatives
- Sufficiently **clear, concrete and mature concept** (e.g. financial solution(s) to be developed or tailored and replicated, sectors/investment types targeted etc.)
- **Relevant response to market needs** and corresponding concrete (market) impact
- **Market acceptance** (ensure results will be taken up)
- **Involvement of market actors** (e.g. involvement of and/or engagement strategies regarding key stakeholders and, in particular, financial sector actors)

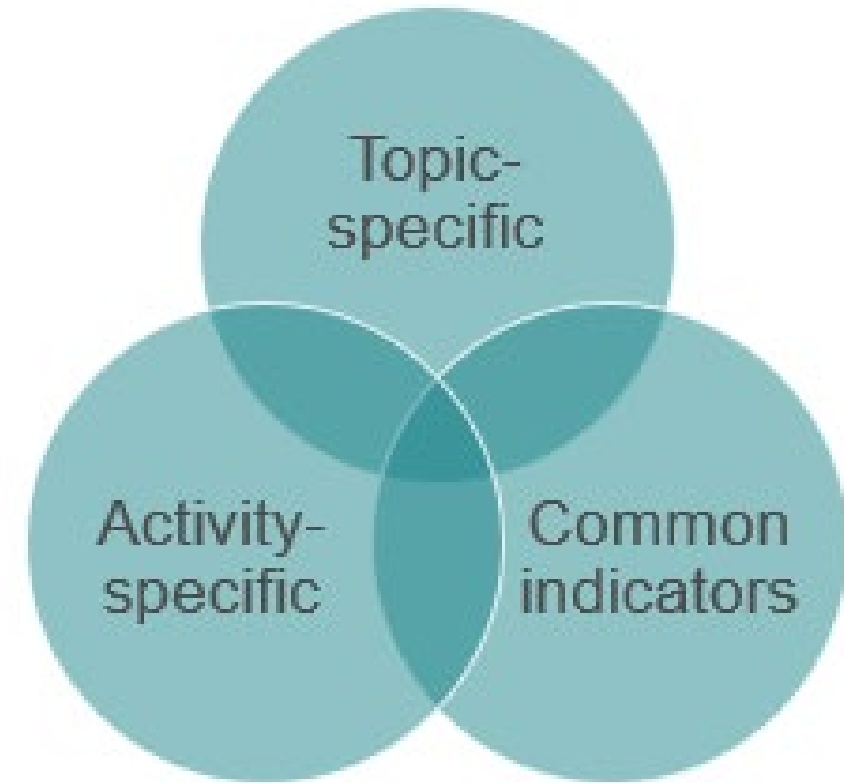


# Impacts + Indicators

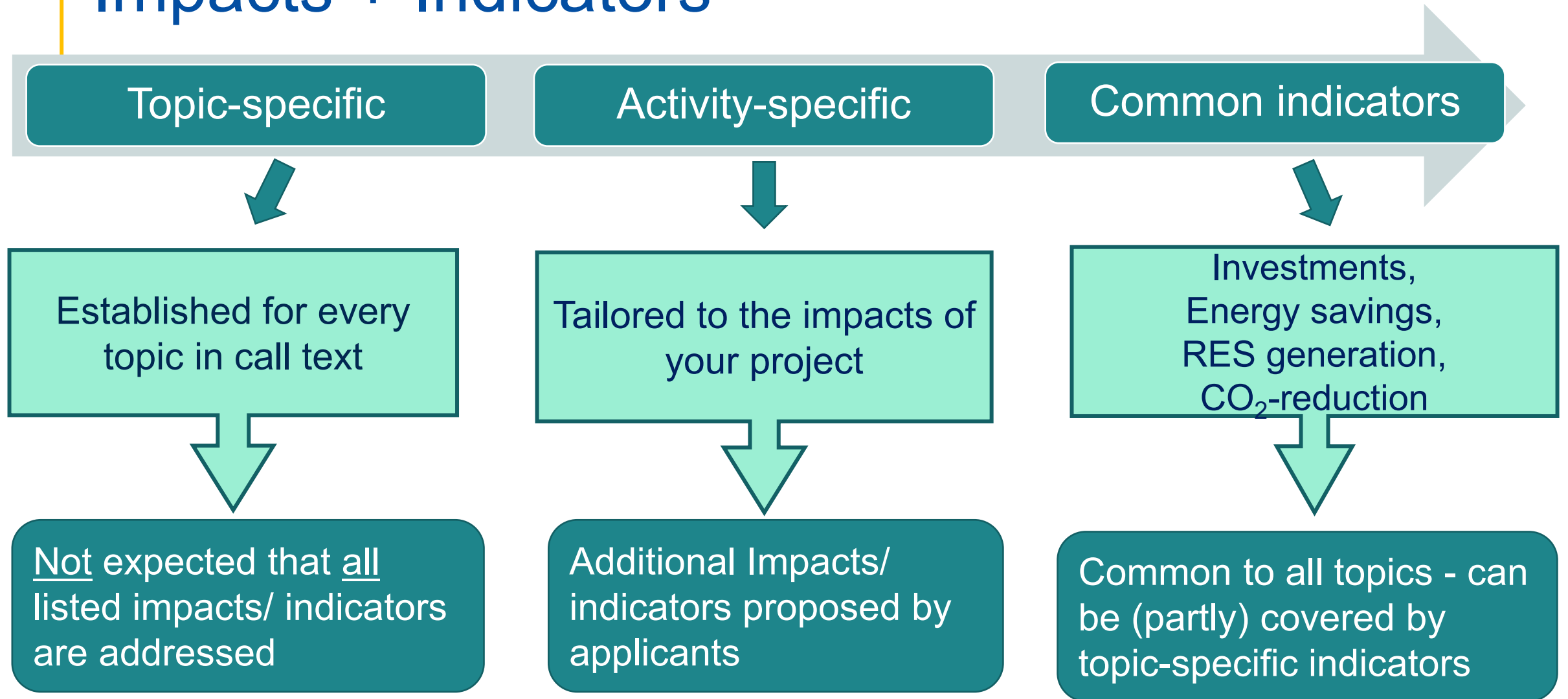
Proposals should demonstrate how project results will contribute to the expected impacts.

They should:

1. quantify impacts using the provided **topic-specific indicators** - where relevant;
2. propose additional indicators which are specific to the proposed activities (**activity-specific**);
3. Address impacts related to **common indicators** for the LIFE-CET subprogramme.



# Impacts + Indicators



# Impacts + Indicators

- Proposals should present the **starting point** + underlying assumptions, and establish clear **links** between **results and expected impacts**;
- The results and impacts should be quantified for the **project duration** + for **5 years after** the project end.

## 11 LIFE-CET-specific KPIs – KPI-webtool

- Application Form Part C
- **If selected:** Projects will be asked to report impacts in a specific LIFE KPI webtool.



# Topic-specific indicators for scope A – address if relevant to your activities

- Number of investors and project developers using the financing scheme.
- Number of investment projects processed/covered by the financing scheme.
- Volume of investments processed/covered by the financing scheme.
- Number of households and businesses benefitting from the financing scheme.
- Investments in sustainable energy (energy efficiency and renewables) triggered by the project (cumulative, in million Euro).
- Investments in building energy renovation triggered by the project (cumulative, in million Euro).
- Average % of energy savings targeted by investment projects.



# Topic-specific indicators for scope B – address if relevant to your activities

- Number of financial institutions using the developed financial products/tools.
- Number of investment projects processed/covered by the developed financial products/tools.
- Volume of investments covered by the developed financial products/tools.
- Number of households and businesses benefitting from the financial products.
- Number of private finance stakeholders, and related investment portfolios, integrating the results of the project in their work.
- Number of private finance stakeholders benefitting from enhanced capacity.
- Number of policy makers, regulatory bodies and supervisory authorities benefitting from support on sustainable energy policies.
- Investments in sustainable energy (energy efficiency and renewables) triggered by the project (cumulative, in million Euro).
- Investments in building energy renovation triggered by the project (cumulative, in million Euro).

# Thank you



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# Keep in touch with us

Any questions on CET call topics? Email us on:  
[CINEA-LIFE-CET@ec.europa.eu](mailto:CINEA-LIFE-CET@ec.europa.eu)



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