



LIFE-2023-CET-PRIVAFIN TOPIC

LIFE CET Info Day, 1st June 2023



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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 focuses on Innovative financing schemes for investments in sustainable energy
- Sustainable energy to be understood energy efficiency and small-scale renewables, with a particular focus on energy efficiency



Scope: setting up innovative financing schemes

- Leveraging private finance
- Focus on energy efficiency, renewables can be combined with efficiency but only renewables are not in scope
- In at least 1 eligible country with a clear ambition and effort to expand in additional eligible countries
- Operational by end of the action, i.e. the financing schemes ready to finance investments
- Investments may be implemented after project completion – but pilot testing may be relevant to prove feasibility
- Proposals must be submitted by **at least 3 applicants** (beneficiaries, not affiliated entities) **from 3 different eligible countries.**
- Estimated EU funding: up to EUR 1.75 million

What do we mean by innovative financing schemes?

- Mismatch between demand and supply of private finance for sustainable energy investments: investment size, due diligence costs, technological and counterparty risks, levels of return, etc.
- A financing scheme is a mechanism which ensures that demand and supply meet so that investments can be financed on a large scale
 - Address both supply and demand side requirements to ensure successful matchmaking
- Innovative means:
 - Going further than what is already available on the local/national market or sector
 - Using private finance in potential combination with public support (CAPEX, TA, risk sharing, etc)
 - Not necessarily first of a kind! Replication of successful schemes in a new country / sector is relevant
 - Cf also previous projects funded under H2020 / LIFE CET



Indicative financing schemes

- Equity, debt, mezzanine financing, potentially blended with non-reimbursable grants
- Guarantees, risk-sharing, insurances or other de-risking instruments
- Energy services such as energy performance contracting and variants
- On-bill, on-tax and building-based financing: 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



What makes a good proposal?

- **Market analysis**
 - Target specific region(s) / sector(s)
 - Describe and quantify the market potential
 - Describe the current status of the market! Ongoing initiatives, projects (not only EU funded...)
- **Analysis of the market needs and existing barriers**
 - Identify key actors and their constraints
 - Demonstrate how your proposal answers them
- **Concept for financing investments**
 - Should be detailed, concrete and credible
 - Demonstrate business case and financial viability
 - Demonstrate complementarity with existing schemes

What makes a good proposal?

- **Ensure market acceptance**

- Involvement market actors throughout the development of the financing scheme
- Identify the key actors to be involved for the success of your project
- Engage with the financial sector from the start!
- Demonstrate support of financiers, project owners, project developers, public authorities, etc.

- **Credibility** is key!

- Be specific when quantifying your activity KPIs

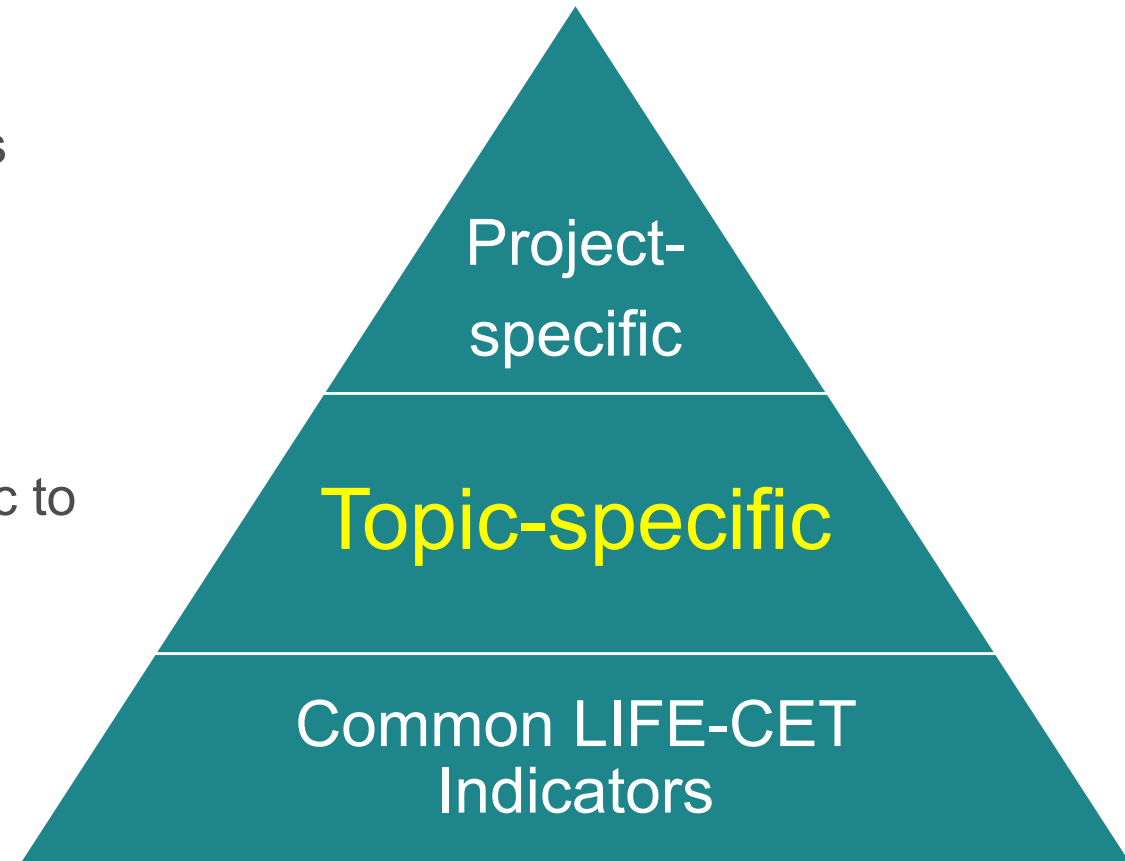


Impacts + Indicators I

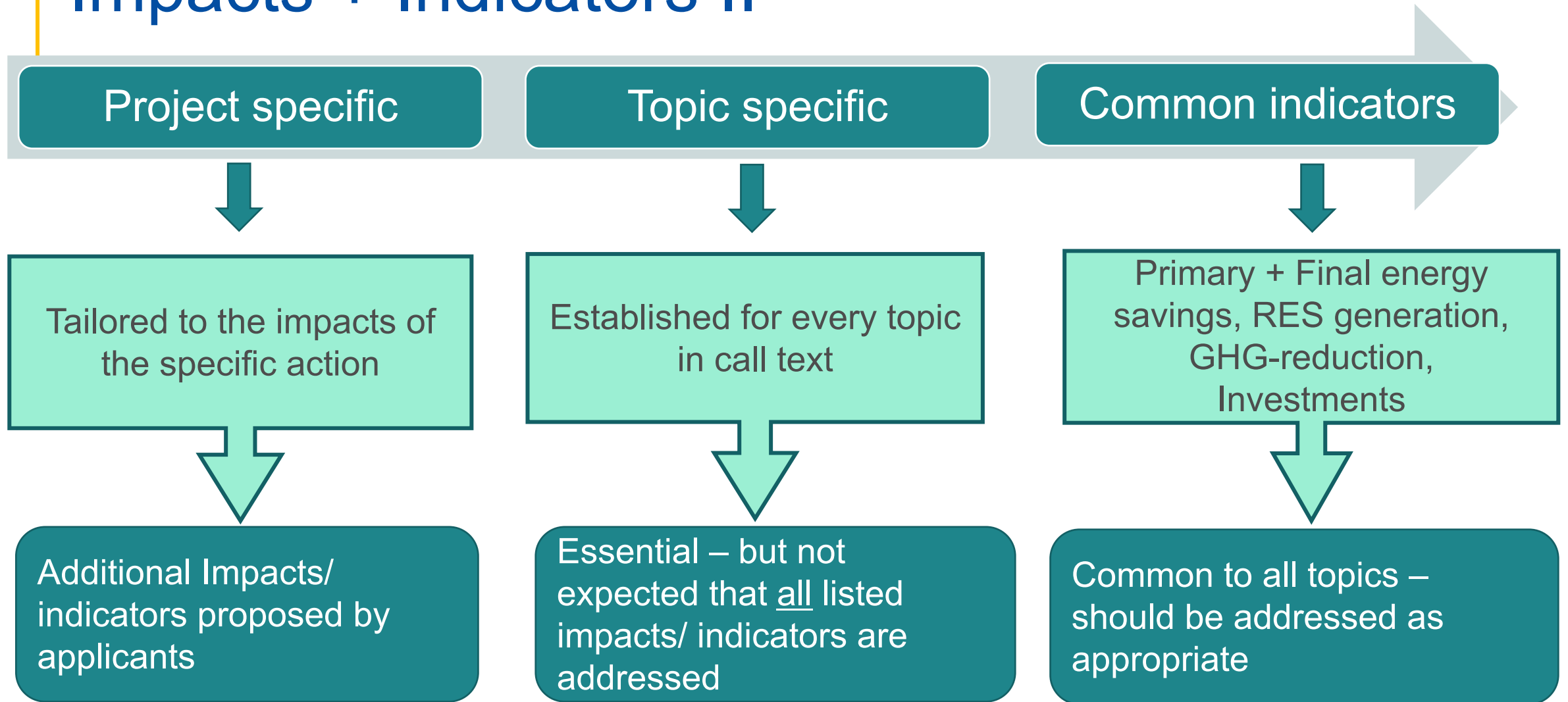
Proposals should demonstrate how project results will contribute to the expected impacts.

They should:

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



Impacts + Indicators II



Impacts + Indicators III

- Present **starting point + assumptions**, with clear **links between your activities, the results and expected impacts**;
- Impacts to be quantified for **project duration + 5 years after** project end.

Impacts to be reported as “project end” value

- Impacts directly achieved by the project activity and within the project duration.
- Impacts directly triggered within the project duration but accruing only after project end.
- Impacts indirectly triggered/ encouraged + replicated outside the immediate scope and target area but due to activities within the project duration.

Impacts to be reported as “beyond 5 years” value

- Impacts triggered/ replicated outside the project duration and accruing until 5 years after the project end



Assessing your impact with KPIs

- **Project specific indicators** – the basis to estimate your impacts
 - Essential to make your project credible!
- **Topic-specific indicators** - 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.

Relevant projects – residential focus

- **SMARTER4EU**: rolling out a green home and green mortgage mechanism
- **INSPIRenov** develop a financing scheme for home renovation in Bulgaria, blending public grants and commercial loans
- **EEMMIP**: development of the Energy Efficient Mortgages Initiative
- **NEEM**: Nordic Energy Efficient Mortgages Hub
- **Ren-on-bill**: On-bill financing for residential building renovations, based on an open-source Energy Renovation Valuation Tool to rate investment projects



Relevant projects – focus on businesses

- **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
- **eEaaS**: Energy efficient equipment-as-a-service: new business model and financial structure for industrial SMEs
- **ACCE**: Development / scale up of collective Community Energy Financing Schemes for energy cooperatives and communities in 5 EU countries
- **PROPEL**: IT based framework for valuation and benchmarking of sustainable energy projects (energy efficiency, demand response, distributed renewable generation etc.) – now hosted by the [Sustainable Energy Finance Association](#)
- **REFINE** - set up a refinancing cycle through the sale of receivables from energy efficiency services in 10 countries



Upcoming projects – in preparation

- Continuation of the Energy Efficient Mortgage Initiative, with focus on property valuation methodologies, decarbonisation pathways for financial institutions, renovation supply chain, and customer support
- Implement private financing schemes for energy efficiency and renewables in 3 pilot cities in Ukraine (Zhytomyr, Nyzhyn and Kalush)
- Consolidate and roll-out a crowdfunding scheme for investments in energy efficiency and renewables in supermarkets in Italy
- Developing a basket bond mechanism for SMEs focused on the wood furniture and nautical sectors in 2 regions of Italy and Croatia



Thank you

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Keep in touch with us

Any questions on CET call topics? Email us on:
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Call for proposals

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