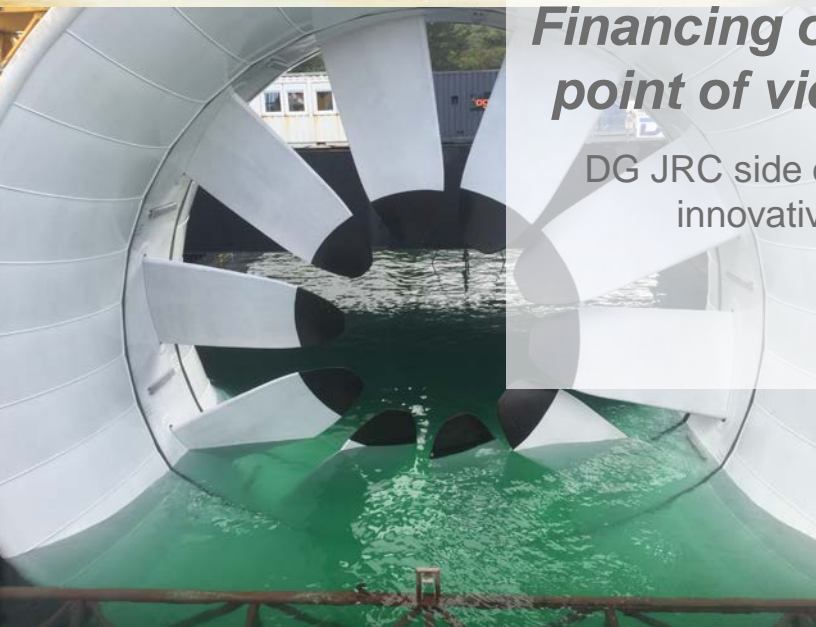




# *SET-Plan conference 2016*


*Bratislava*



## *Financing of innovative projects from the point of view of a financial intermediary*

DG JRC side event: NER 300 - A funding programme for  
innovative low-carbon demonstration projects

30/11/2016



# The European Investment Bank – The EU Bank

## *Profile, Public policy goals and objectives*



- European Union's long-term lending bank set up in 1958 by the Treaty of Rome
- A not-for-profit, policy driven institution
- Shareholders: 28 EU Member States
- Largest supranational lender: signatures in 2015 amounted to EUR 78bn (90% in EU)
- Supporting sound investments which foster EU policy goals

### **Growth and employment potential**

Knowledge economy

Strategic transport (TEN-T)

Competitive and secure energy

Small and Medium Enterprises (SMEs)

Urban renewal and regeneration (incl. health care)

### **Environmental sustainability**

Environmental protection

Renewable Energy, Energy Efficiency

Sustainable transport (urban, inter-urban)

### **Cohesion (primary, transversal)**

### **Climate action (primary, transversal)**

■ **Focus on low carbon technologies**

■ **Background**

- broad range of technologies needed to meet long term climate goals
- technology and cost challenges
- investments in RDI needed to reduce costs
- important role of EU and MS in creating supportive policy environments

■ **Specific EIB actions**

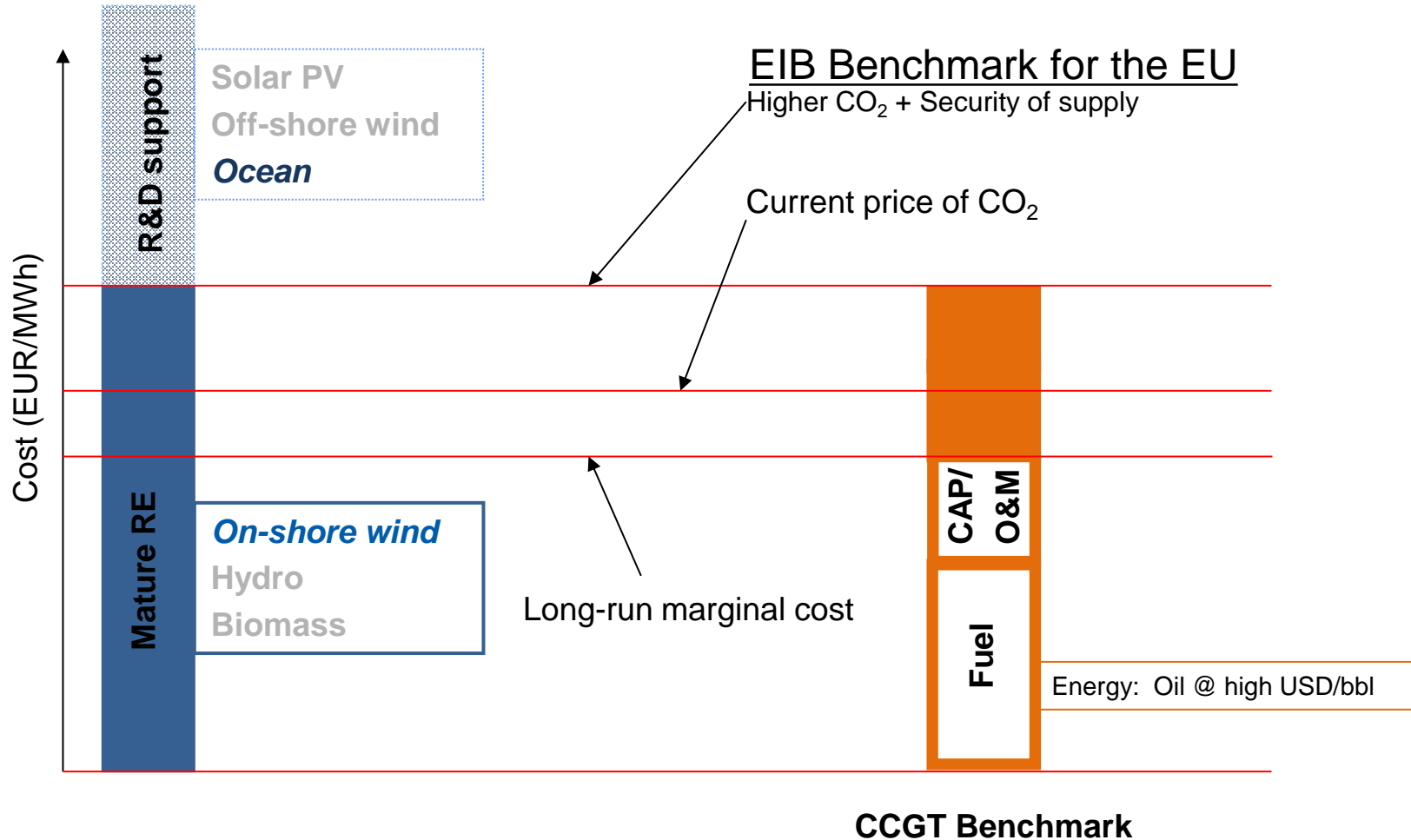
- Increase commitments to energy projects under knowledge economy
- Develop risk sharing mechanisms with the EC on RDI projects
- Foster implementation of SET-Plan technologies in cooperation with the EC



<http://www.eib.org/infocentre/publications/all/eib-energy-lending-criteria.htm>

**Fully aligned with EU energy and climate policy**

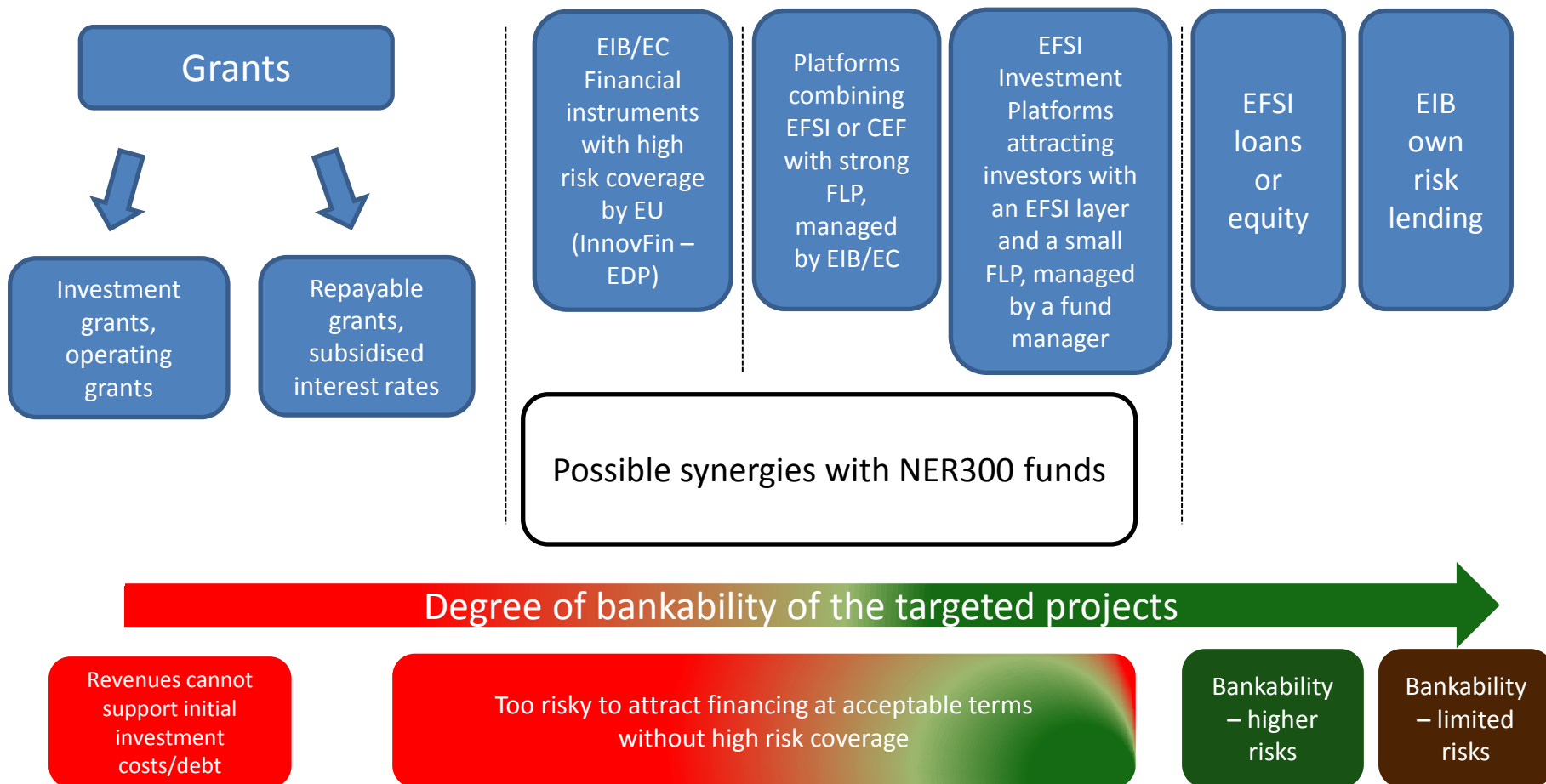
# Economic value of renewable energy



# Financial instruments managed by the EIB

- **Own-resources lending activity**
  - Wide eligibility
  - Limited risk taking capacity
- **European Fund for Strategic Investments**
  - Wide eligibility
  - Increased risk taking capacity (with important residual risk for EIB)
- **Connecting Europe Facility Debt Instrument**
  - Eligibility limited to Projects of Common Interest, possibility to support new technologies and cleaner transport.
  - Risk taking capacity +/- similar to EFSI's
- **InnovFin – including EDP (Energy Demonstration Projects)**
  - Limited eligibility for first-of-a-kind demonstration projects in the renewable energy, fuel cells and sustainable hydrogen sectors
  - Higher risk taking capacity than EFSI and CEF, thanks to very high coverage by EU budget

# Typology of possible financial support vs risks/bankability





# InnovFin Product Overview



SMEs	Midcaps	Large Caps	Thematic Finance	Advisory
<p><b>InnovFin</b> SME Guarantee</p>	<p><b>InnovFin</b> MidCap Guarantee</p>	<p><b>InnovFin</b> Large Projects</p>	<p><b>InnovFin</b> Energy Demo Projects</p>	<p><b>InnovFin</b> Advisory</p>
<p><b>InnovFin</b> SME Venture Capital</p>	<p><b>InnovFin</b> MidCap Growth Finance</p>		<p><b>InnovFin</b> Infectious Diseases</p>	
<p>SMEs and small Mid-Caps &lt; 500 Employees</p>	<p>Mid-Caps &lt; 3,000 Employees</p>	<p>Large Caps Typically &gt; 3,000 Employees</p>	<p>SPV, Mid-Caps and Large Caps</p>	<p>Public and Private Sector Promoters</p>
<p>Intermediated SME/Mid-Cap Financing</p>	<p>Intermediated and/or direct Corporate lending</p>	<p>Direct Corporate Lending</p>	<p>Project Finance and/or Direct Corporate Lending</p>	<p>Financial Advisory</p>

☐ direct products

▤ indirect products

# How does InnovFin Energy Demo Projects work?



- Broad range of instruments (loans, guarantees)
- EIB can only finance 50% of project costs
- Comprehensive due diligence (legal, financial, technical, etc.)
- EIB standard documentation under English or Luxembourgish law



# Which projects can be supported?

## Eligible Projects

Renewable energy

Fuel Cells, Hydrogen

- Pre-commercial stage
- Loan amount: **min EUR 7.5m, max EUR 75m**
- Loan maturity: **max 15 years**
- Currency: **EUR and local currency**

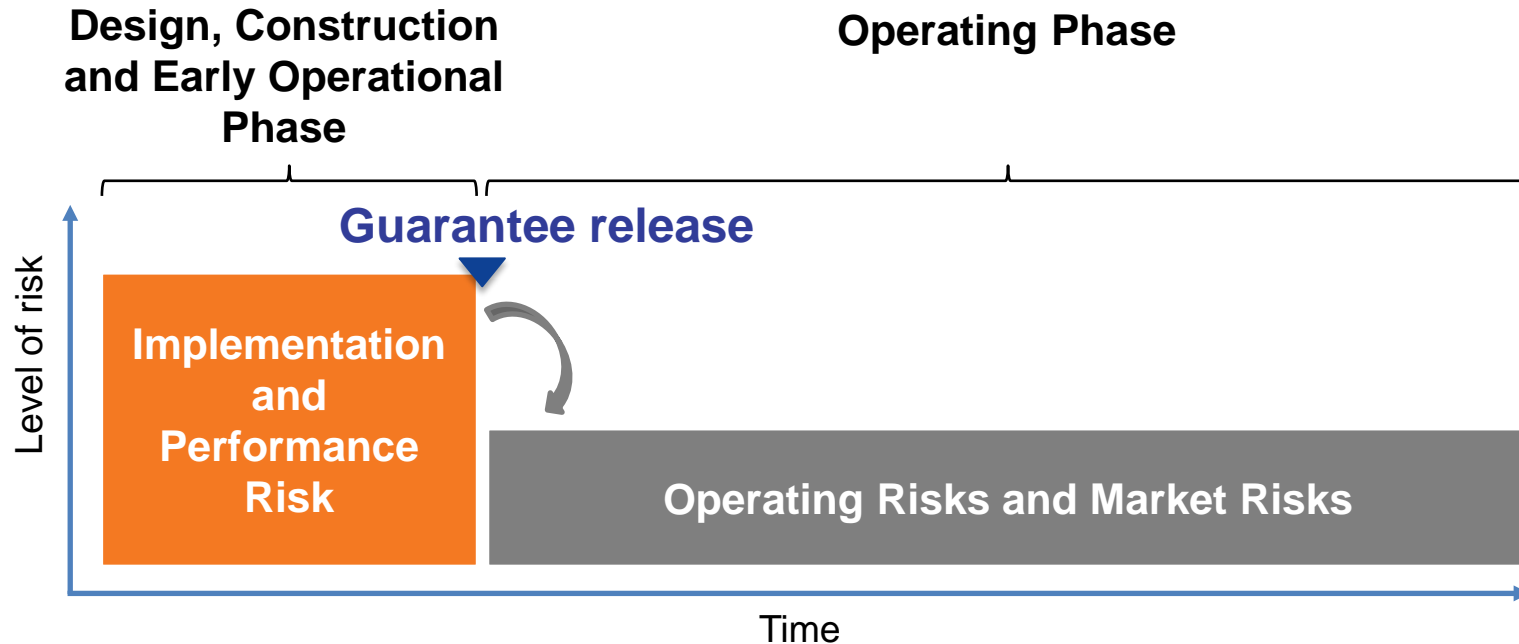
# Eligibility criteria

**Renewable  
energy**

**Fuel Cells,  
Hydrogen**

- Innovativeness
- Replicability
- Readiness for demonstration at scale
- Timeline (operation  $\leq$  4 years after accepted)
- Prospects of bankability
- Commitment

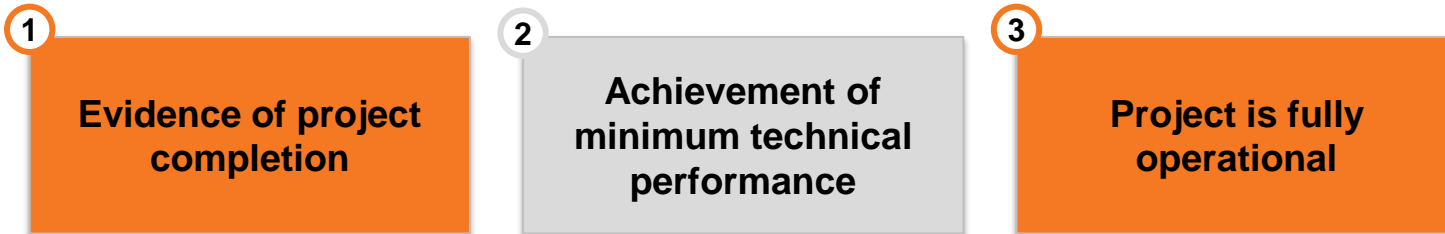
# Risk and pricing



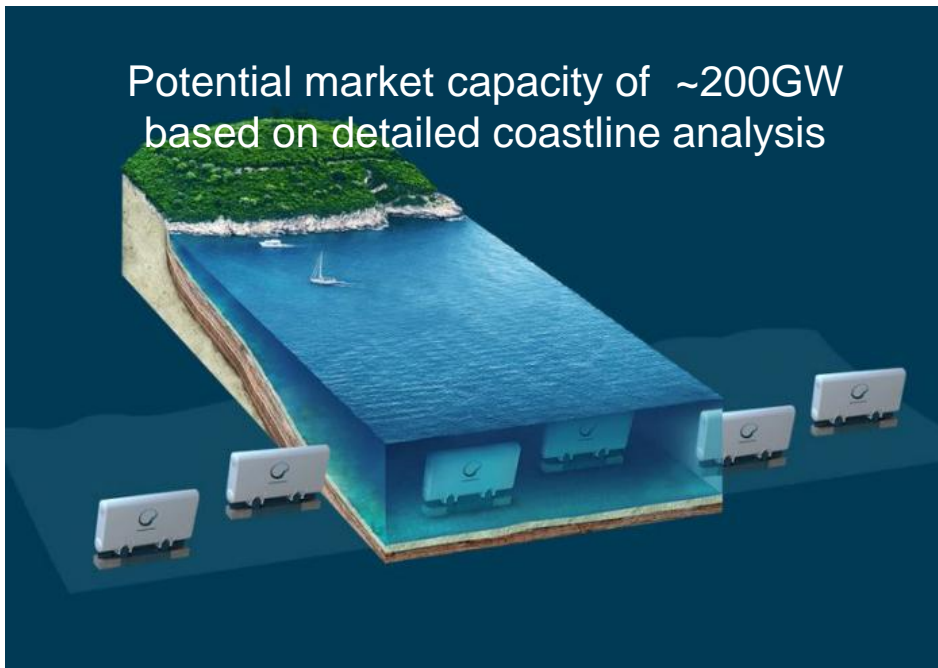
FLP – First loss piece  
RRT – Residual risk tranche

# Technical and Financial Guarantee Release Tests

- pre-agreed debt service cover ratios reached
  
- competent advisor confirms



# “Wave Roller” technology



- Near shore device installed on seabed
- Developed by a pioneering start-up company located in Finland
- Operation site in Portugal with 100kW prototype in operation
- Full scale will be 350-700kW
- EIB loan (10 MEUR) to pre-revenue company
- part finance of remaining development and first commercialization of the technology
- Equity type transaction given project risks
- Disbursement in tranches linked to company's performance
- Repayment based on a revenue share mechanism

# Windfloat demo project



- Floating offshore windfarm in Portugal (3 x 8 MW)
- Semi-submersible floating structure
- 20 km from shore
- Water depth 85-100 m
- Pilot installation, 2 MW (2011)
- EIB loan 25 MEUR (investment cost 104 MEUR)
- Benefits from an NER 300-grant (first round 2012)
- Success of this technology would open up a new vast market



# Thank you for your attention !

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