Horizon 2020 Energy Efficiency Call for Proposals 2019


Aggregation – Project Development Assistance (EE-11)

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EASME B1 – H2020 Energy
H2020 Funding for Energy Efficiency in a nutshell

- Under the societal challenge “Secure, clean and efficient energy”
- Call 2019: 16 topics and €112m funding available
- Deadline: 3 September 2019
- Managed by the EASME Energy Unit
Webinar on Energy Efficiency Finance topics

13:30 - 14:15: Integrated home renovation services [EE2] (see bit.ly/sc3-ee-2)

14:15 - 15:00: Aggregation - Project Development Assistance [EE11] (see bit.ly/sc3-ee-11)

15:00 - 15:45: Innovative financing for energy efficiency [EE9] (see bit.ly/sc3-ee-9)

15:45 - 16:30: Making the energy efficiency market investible [EE10] (see bit.ly/sc3-ee-10)

Questions & Answers: EASME-Energy@ec.europa.eu
EU 2020 and 2030 climate and energy goals

- 20% GHG
- 20% RES
- 20% EE

≥ 40% GHG
≥ 32% RES
≥ 32.5% EE

Energy Union Governance
'Smart Finance for Smart Buildings' Initiative

More effective use of public funds

Attracting private finance through financial instruments and innovative business models

Project development assistance, advisory support tools and aggregation of small-scale projects

Supporting the project pipeline at EU and local level

De-risking the perception of energy efficiency investments

Understanding the real risks and benefits related to energy efficiency investments
Aggregation - Project Development Assistance

- **Build** technical, economic and legal expertise needed for project development
- Develop organisational innovations and minimise transaction costs
- High degree of replicability
- **Remove** legal, administrative and other market barriers
- **Aggregate** (pooling, bundling) projects to reach critical size
- Mobilize private finance
H2020 PDA: main features

- Sectors targeted:
  - Existing Public and private buildings
  - Industry and services
  - Urban transport
  - Existing infrastructures (street lighting, water/wastewater)

- Investments launched before end of the action!

- EU contribution: 100%

- Budget: EUR 6 million

**Deadline: 3 September 2019**

- 1:15 leverage ratio
H2020 PDA - Who do we target?

• Public and private project promoters
  ▪ public authorities or their groupings,
  ▪ public/private infrastructure operators and bodies,
  ▪ energy service companies,
  ▪ retail chains,
  ▪ large property owners and
  ▪ services/industry

• Proposals from 1 single entity are eligible!
H2020 PDA - Organisational innovation

• Innovation in the **mobilisation of investment programme**: bundling, pooling, framework contracts, stakeholder engagement, community finance...

• Innovation in the **financial engineering**: alternatives to traditional financing (by public authorities: direct financing or subsidies)
  - Soft loans; Energy performance contracting (with third-party financing); Public ESCO’s; Investment funds on energy efficiency (Jessica / ERDF...); on-bill or on-tax finance; or anything relevant!

• Innovation can also mean: **new target sectors, higher levels of ambition** (e.g. EPC’s for low-energy retrofitting of buildings)

**Credibility**

• You should demonstrate sufficient **project maturity** (starting point)

• The final beneficiaries (signing the investment contracts) should be involved
Impacts: Investment

- **Impact indicators**: € invested (incl. leverage), saved energy, RES production, capacity building
- Investments must be described with **sufficient precision**
- Clarify the **evidence provided for the investments**

Table 2.1a: Detailed description of the proposed investments

<table>
<thead>
<tr>
<th>#</th>
<th>Location (area, town...)</th>
<th>Type of investment</th>
<th>Description of the investment</th>
<th>Quantification</th>
<th>Total surface (m²)</th>
<th>Current energy consumption</th>
<th>Energy savings (%)</th>
<th>Renewable energy production (MWh/year)</th>
<th>Other quantifications</th>
<th>Payback time</th>
<th>Energy investment costs (thousands €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</tbody>
</table>
## Proof of investment

### Table 2.1b: Evidence of the investments

<table>
<thead>
<tr>
<th>#</th>
<th>Type of investment</th>
<th>Evidence of the investment</th>
<th>Actor issuing the evidence</th>
<th>Related deliverable number(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>2</td>
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</tbody>
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Evidence of investment: signed contracts such as EPC, works contracts or similar with clear reference to energy related investments.
'Investment costs' refers to

- Investments which are directly related to or required for energy savings and/or renewable energy generation ("energy investment costs")

- Other measures should not be included in the proposed investments

- For example in a building refurbishment:
  - energy costs could include changing windows, insulating the façade and painting it after insulation,
  - but not painting the hallways or changing the bath tub.

- Investment costs should include VAT only for entities which cannot reclaim it
Key features for a successful PDA proposal

• **Adequate starting point** with identified targeted investments, needs and market barriers and commitment from key stakeholders.

• **Clear concept** in particular on the steps to reach the planned investment and also on the financial engineering (e.g. alternatives to traditional financing such as Energy Performance Contracting). Pay attention to procurement processes and build them properly in your proposed work plan.

• **Solid impact** based on credible quantitative and qualitative estimations, incl. sound baseline, realistic assumptions and clear effort to monitor and report.

• **Proven engagement of the final beneficiaries of the investment** at proposal stage and during the whole duration of the action.
## H2020 PDA - Success rates over past years

<table>
<thead>
<tr>
<th>Year</th>
<th>Proposals</th>
<th>Evaluated</th>
<th>Recommended for Grant Agreement Preparation</th>
<th>Success rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>14</td>
<td>5</td>
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<td>36%</td>
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<tr>
<td>2017</td>
<td>16</td>
<td>5</td>
<td></td>
<td>31%</td>
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<tr>
<td>2018</td>
<td>10</td>
<td>6</td>
<td></td>
<td>60%</td>
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</tbody>
</table>
2020 TOGETHER
Refurbishment of public buildings and street lighting in the Piedmont Region (IT) - Completed

• Triggered EUR 12.5 million of energy investments
  ▪ Change & management of heating systems in 118 buildings owned by the city of Torino
  ▪ Energy refurbishment of 18 public buildings owned by 5 small municipalities
  ▪ Bundling of 3,000 lighting points in the city of Torino and 6 small municipalities
• Achieved leverage factor of 1:26

[Innovation]

  ▪ "Joint Procurement" of innovative Energy Performance Contracts (EPCs)
  ▪ Third Party Finance involving an ESCO and financial institutions

• Replication potential
  ▪ Joint procurement and EPC in public buildings
  ▪ Make PPP and Third Party Investment a common practice

https://goo.gl/NcrnMi

IEE-MLEI Project 13-841

European Commission
Refurbishment of public buildings and street lighting in the Rhodope Region (BG) - Ongoing

- Follow-up of Citynvest

- Set-up a one-stop-shop to act as a procurement agency on behalf of public authorities

- Undertake energy retrofitting works in their buildings and street lighting

- Trigger a total of EUR 13.2 million investment (leverage 1:28)

Innovation

- Establish a "Project Development Unit"
- Capacity building
- "Joint Procurement" of innovative Energy Performance Contracts (EPCs)

Replication potential

- Build on the experience of GRE-Liege financial model RENOWATT
- Model largely replicable in Eastern Europe

Project website not available yet

Horizon 2020 project 748425
Main differences between topics EE-2 and EE-11

• SCOPE:
  ▪ EE-2 targets solely the private residential sector
  ▪ EE-11 scope is broader
    includes social housing, public, private and tertiary buildings, industry and services, urban transport and existing infrastructures (e.g. street lighting, water/wastewater).

• IMPACTS:
  ▪ EE-2: Integrated services shall be operational by the end of the project, at the latest
  ▪ EE-11: energy investment must be triggered within project duration.
42 PDA projects

• supported under Horizon 2020 since 2014

• 2014 PDA projects: http://europa.eu/!Mj83GK (EE-11-2014)


• 2018 PDA projects (under preparation)

• supported under Intelligent Energy Europe from 2011-2013
More information

- H2020 participant portal


- Questions & Answers: EASME-Energy@ec.europa.eu
Thank you!

#H2020EE

www.ec.europa.eu/easme/energy