



InnovFin

EU Finance for Innovators

InnovFin Thematic Products - Energy Demo Projects (EDP)

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Risk finance for first-of-a-kind demonstrators

- Innovative, first-of-a-kind energy technologies face a "valley of death" on the way from demonstration to commercialisation.
- Public financing and risk coverage is needed to bridge this gap but the size of projects is too large to satisfy this demand only with grants.
- Traditional InnovFin debt facilities – notably the Large Projects and MidCaps facilities – can support investments in research and innovation with a higher risk profile but projects, in principal, have to be 'bankable' (economic, financial and technical viability).
- That is, these facilities (despite their risk-taking capacity) would not allow inclusion of non-bankable demonstration projects (technology and financial risks too high).
- **In response, InnovFin Energy Demonstration Projects (EDP) facility was launched by EC (RTD) and EIB on 15 June 2015.**
- With InnovFin EDP Facility, the project is required **to be or to become bankable in the first 4 years after the loan is received.**

InnovFin Product Overview

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

direct products

indirect products

InnovFin EDP Facility will help in:

- de-risking investments by demonstrating and validating, at industrial scale, technology performance, installation time and costs, operation and maintenance costs, and reliability and lifetimes;
- reducing perceived investment risks for investors;
- preparing for further roll-out to the market of the technologies by industry, with a view to achieve the EU's energy targets for 2020 and beyond;
- fostering industrial development and hence creating jobs and growth in the EU;
- contributing to the Strategic Energy Technology Plan (SET Plan) and Energy Union objectives, by ensuring higher security of supply, enabling increasing share of indigenous low carbon energy sources in the European energy mix and supporting leading edge technologies to become a world leader in renewable energy.

How does InnovFin EDP work?



- Eligibility check
- EIB can only finance 50% of project costs
- Comprehensive due diligence (legal, financial, technical, etc.)
- EIB standard documentation under English or Luxembourgish law
- Supported by Horizon 2020

What projects can be supported?

Eligible Projects

Renewable energy

Fuel Cells, Hydrogen

- First-of-a kind commercial-scale industrial demonstration projects (TRL 7-8)
- Loan amount: min **EUR 7.5m**, max **EUR 75m**
- Loan maturity: max **15 years**
- Currency: **EUR and local currency**

Eligibility criteria (1/2)

1

Innovativeness

- ✓ Projects shall demonstrate for the first time the commercial viability of pre-commercial technologies
- ✓ Technologies shall be innovative and not be commercially available yet

2

Replicability

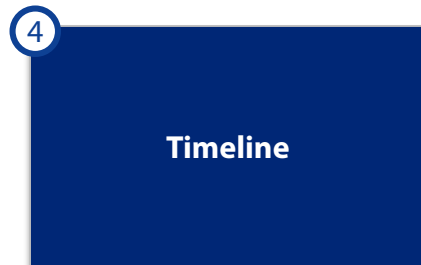
- ✓ The project has the potential to be replicated elsewhere with convincing market opportunities
- ✓ The project should offer prospects for cost-efficient CO₂ reduction both in the EU and globally

3

Readiness for demonstration at scale

- ✓ The project shall be sufficiently mature for demonstration at the proposed scale (technologies validated and demonstrated through previous testing) with reasonable prospects of success
- ✓ The proposed scale of demonstration should be equal to that of future commercial applications or be such that no significant additional problems are to be expected

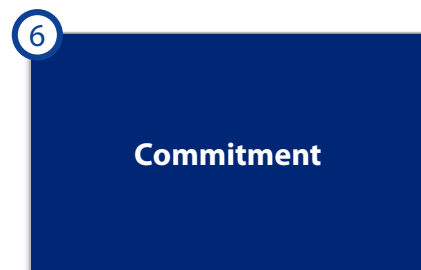
Eligibility criteria (2/2)



- ✓ At the time the project is included under the facility, the projected start of commercial operation of the whole plant is expected to happen within a period of maximum 4 years

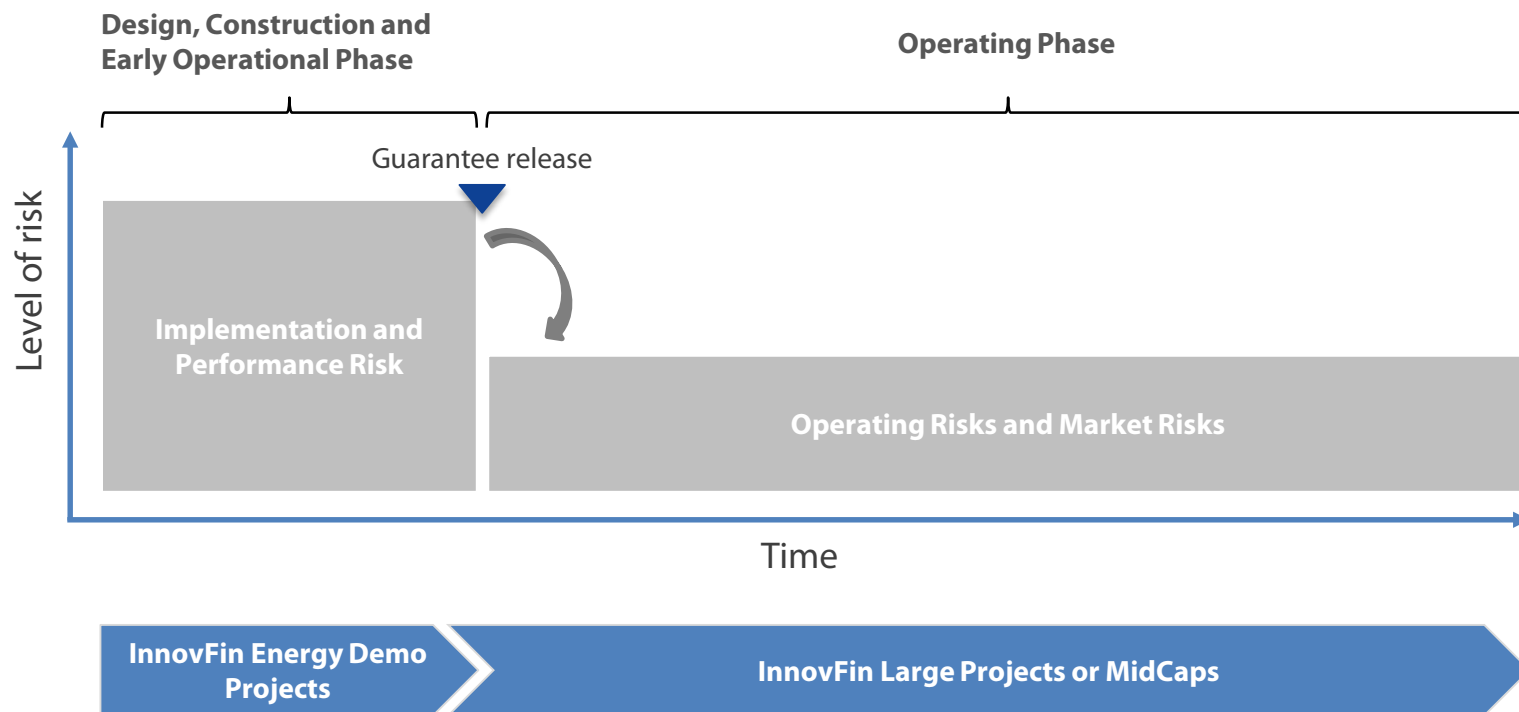


- ✓ The project shall have the potential to be or to become bankable by the guarantee release date
- ✓ This requirement relates to all aspects of the project that are relevant for future project performance and debt service



- ✓ Promoters, sponsors and/or operators must be willing to substantially co-fund the project

Risk and pricing



Technical and Financial Guarantee Release Tests

In order to achieve guarantee release, the two conditions below should be met:

- ✓ Financial performance is in line with pre-agreed cover ratios demonstrating that the project can generate the expected level of cash flows.
- ✓ The following aspects are to be confirmed by a competent external advisor:



EDP Product Advantages

Financing of initially non-bankable projects

EIB signalling effect to attract other banks & investors (quality stamp)

Long-term lending at attractive terms

EDP – How to apply

Application & inquiries: directly with the EIB -

New Products & Special Transactions, EIB, Luxembourg

Tel: +352 4379 85002, E-mail: innovfinFDP@eib.org

<http://www.eib.org/products/blending/innovfin/products/index.htm>

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