



#H2020Energy

Horizon 2020 Work Programme for Research & Innovation 2018-2020

LC-SC3-EE-17-2019

European City Facility

*European cities as key innovation hubs to
unlock finance for energy efficiency*

 Björn ZAPFEL
Project Adviser

Executive Agency for Small and Medium-sized
Enterprises (EASME)

Unit B1 Energy

Research and
Innovation



Challenge

- **Cities and Communities key for energy transition**
 - Tremendous potential for building substantial pipeline of investment projects across Europe (energy efficiency and renewable energy)
 - Aggregation of smaller projects into sizeable packages
 - Mobilisation of significant amount of finance needed
- **Barriers for tapping full potential**
 - Lack of credible, robust and sufficiently mature investment concepts to enable access to financing
 - Missing capacity of public authorities to transform long-term strategies (e.g. SEAPs)
 - Limited resources to access (financial and legal) expertise to:
 - Collect additional data
 - Design an investment programme of scale (e.g. pooling projects and/or bundling with neighbouring constituencies)
 - Develop adequate finance strategies

Challenge

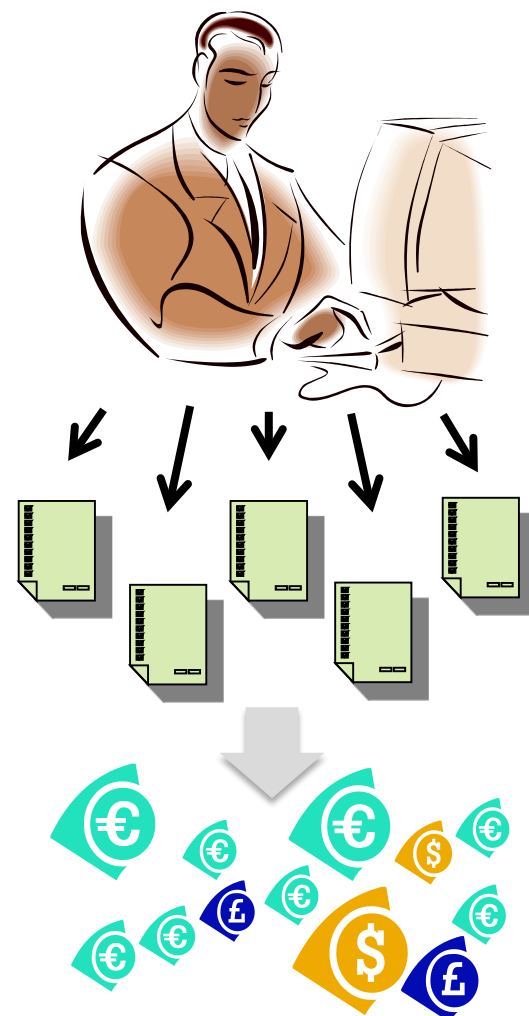
- **Need for robust investment concepts**
 - Clear identification of **potential project pipeline**, based on (local) **market/barrier analysis**, sample energy audits etc.
 - **Analysis of local stakeholders controlling the project pipeline**, incl. commitments (by asset owners) and engagement strategy
 - **Legal analysis** (regional, national, international) to define available investment types and framework conditions, actual investment approach and structuring/timeline of investment steps (incl. e.g. public procurement or debt accounting rules)
 - **(Pre-feasibility) analysis of available financing solutions**, incl. basic modelling of investment costs, transaction costs, expected (cost) savings and other revenues etc.
 - **Roadmap**: basic **process to launch investments**, incl. work planning and resource allocation



Scope

- **Set up/operation of 'European City Facility'**

- Offering financial support and services to large number of cities and municipalities (or groupings)
- To develop innovative investment concepts, covering:
 - Clear identification of potential project pipeline with critical investment scale (e.g. pooling projects and/or bundling with neighbouring constituencies)
 - Financing strategy and process to launch investments, considering different financing routes
 - Legal and governance analysis etc.
- Within a limited period of time (e.g. 6-12 months)
- Via "cascade funding" (max. lump sum: EUR 60,000)



Mobilisation of investments

(incl. combination with EFSI, ESIF, PDA, investment platforms)

Scope (cont.)

- **Selection of intermediate to operate 'European City Facility'**
 - Deep rooting in municipal sustainable energy planning and EE financing
 - Ability to:
 - Mobilise critical mass of cities/municipalities (or groupings)
 - Run large-scale support scheme in accordance with Horizon 2020 standards
 - Select most cost-efficient and appropriate city/community applications
 - Sound, inclusive outreach strategy regarding cities/communities across Europe
 - Suitable concept to select, support and monitor city/municipality proposals, e.g.:
 - Organisation of calls (e.g. cut-off dates, templates, evaluation criteria and procedure etc.)
 - Form of support (e.g. lump sum, access to expertise etc.)
 - Definition of output (e.g. standardised investment concepts responding to market needs)
 - Duration and form of monitoring (incl. assessment)

Scope (cont.)

- **Minimum content of city/municipality applications**
 - Minimum 100,000 inhabitants covered (single city/municipality or grouping)
 - Proof of political commitment
 - Demonstration of additionality to existing planning processes and resources
 - Investment sector(s) targeted
 - Ambitious scale of potential investment(s) and level of energy savings (based on a politically approved SEAP, SECAP or similar plan)
 - Type of financial solution(s) envisaged
 - Plan to engage with representatives of the key segments and citizens
 - Governance to develop the investment concept
 - Plan for (long-term) capacity building within the public administration
 - Commitment for monitoring for 2 years

Scope (cont.)

- **Budget**
 - Approx. EUR 10 million
 - Min. 80% directly benefitting cities/municipalities (or groupings)
 - 10% for common activities/services underpinning European added value



Expected impacts

- Number of **investment concepts** (overall and transformed into investments)
- **Investments** (in sustainable energy) triggered by public authorities
- Increased leveraging of **finance into EE investments by public authorities**
- At least EUR 20 million EE investments triggered for every million EUR of H2020 support (**leverage 1:20**)
- **Primary energy savings, renewable energy production** triggered
- Public staff with **increased capacity to develop investible EE projects**
- **Innovation uptake** by potential replicators
- **Additional positive effects** (e.g. reduction of GHGs and /or air pollutants)

LC-SC3-ES-8-2019

European Islands Facility

Unlock financing for energy transitions and supporting islands to develop investment concepts



Thank you!

#H2020Energy

www.ec.europa.eu/research

