

InnovFin

Energy Demo Projects



What is InnovFin Energy Demonstration Projects?

InnovFin Energy Demonstration Projects enables the EIB to finance innovative first-of-a-kind demonstration projects at the pre-commercial stage that contribute to the energy transition, particularly in the fields of renewable energy technologies, smart energy systems, energy storage, and carbon capture utilisation and storage. They may relate to innovative energy system assets, manufacturing processes or services.

The projects shall, through their design and scale, contribute to de-risking the technologies and reassuring financial investors of their commercial viability. The goal is to help bridge the “valley of death” from demonstration to commercialisation, supporting the further rollout of innovative low-carbon energy technologies to the market. The product has been designed to address the financing bottleneck identified in the EU’s Strategic Energy Technology (SET) Plan.

Under Horizon 2020, the EU research and innovation (R&I) programme for 2014-20, the European Commission and the European Investment Bank Group (EIB and EIF) launched a new generation of financial instruments and advisory services in 2014 to help innovative firms access finance more easily. Until 2020, “InnovFin – EU Finance for Innovators” is offering a range of tailored products which provide financing in support of research and innovation by small, medium-sized and large companies and the promoters of research infrastructure.

Indicative Term Sheet

Instrument	loans/guarantees/quasi-equity
Loan size	EUR 7.5m – EUR 75m
Tenor	up to fifteen years
Covenants & security	transaction-specific
Jurisdiction	transaction-specific
Application & inquiries	directly to the EIB; see contact details below

EIB financing is limited to 50% of the total eligible costs of the project, which include all the costs necessary for the successful demonstration of the technology, service, manufacturing or business process.

What are the benefits for you?

InnovFin Energy Demonstration Projects is specifically designed to target projects that are typically too risky to access other sources of funding on affordable terms. The EIB:

- ✓ offers longer tenors and competitive pricing;
- ✓ provides a quality stamp and positive signalling effect;
- ✓ does not offer other banking services such as FX, swaps, etc. (no competition with the company’s main banks);
- ✓ pursues a long-term lending strategy and does not sell its exposures to third parties.

Please turn over the page to find out if you are eligible to apply for this financing product.

Pre-screening and eligibility checklist

Eligible counterparties must comply with the following criteria:

Scope:

The project shall contribute to the energy transition, particularly in the fields of renewable energy technologies, smart energy systems, energy storage, and carbon capture utilisation and storage.

It shall demonstrate the commercial viability of pre-commercial technologies or services, or enhance the competitiveness of manufacturing processes.

Innovativeness:

The technologies demonstrated in the project shall be innovative in relation to others in the market.

Innovation may relate to a specific technology, process, product or service. The innovative aspect may consist of the innovative combination or innovative application of existing technologies.

Readiness for demonstration at scale:

Technologies shall be at the pre-commercial or early commercialisation stages (i.e. the successful operation of the technologies should facilitate their subsequent commercial deployment).

The project/investment should be sufficiently mature for demonstration on the proposed commercial scale (technologies validated and demonstrated through previous testing) with reasonable prospects of successful demonstration.

Prospects of bankability:

The project shall generate sufficient revenues to have the potential to become bankable.

This requirement relates to all aspects of the project that are relevant for future project performance and debt service.

Commitment:

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

Replicability:

The project should have the potential to be replicated elsewhere with convincing market opportunities and prospects for future cost reductions. Manufacturing plants and services do not necessarily need to comply with this requirement.

Eligible counterparties shall comply with each of the following eligibility criteria:

1. the counterparty shall not have a substantial focus on one or more restricted or excluded sectors (to be determined by the Bank at its discretion based, without limitation, on the proportionate importance of such sectors with respect to the revenues, turnover and client base of the relevant counterparty);
2. the counterparty shall be established and operating in one or several of the EU Member States and Associated Countries (for reference please consult http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/hi/3cp/h2020-hi-list-ac_en.pdf).

Excluded Activities:

1. production (or construction) of, distribution (or processing) of and trade in weapons and arms, ammunition, military or police equipment or infrastructure, and equipment or infrastructure which limit people's individual rights and freedom (i.e. prisons, detention centres of any kind) or violate human rights;
2. production (or construction) of, distribution (or processing) of and trade in gambling and related equipment;
3. production (or construction) of, distribution (or processing) of and trade in tobacco products;
4. activities involving live animals for experimental and scientific purposes insofar as compliance with the "Council of Europe's Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes" cannot be guaranteed;
5. activities which give rise to environmental impacts that are not largely mitigated and/or compensated for;
6. activities considered ethically or morally controversial or which are forbidden by national law, e.g. research on human cloning;
7. pure real estate development activity;
8. pure financial activities, e.g. purchasing or trading in financial instruments.

The exclusion and eligibility criteria shall be met at the latest at the time of the approval of the EIB loan.