Financing the Energy transition: New EU opportunities to finance geothermal energy

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Content:

1. MFF (2021-2027) and EU Green Deal
2. Horizon 2020 call (June 2020)
3. Innovation Fund (June 2020)
4. Modernisation Fund (January 2021)
2021-2027 MFF

- Percentage of GNI
  - EU-28 2014-2020: 1.03%
  - EU-27 2014-2020: 1.16%
  - EU-27 2021-2027: 1.11%

- € million
  - EU-28 2014-2020: 1,135,691
  - EU-27 2014-2020: 1,082,320
  - EU-27 2021-2027: 1,134,583

- €9 billion gap
- Impact of recession?
- Green stimulus?
EU Green Deal

- A zero pollution Europe
- Preserving Europe’s natural capital
- Sustainable Transport
- Achieving Climate Neutrality
- Clean, Reliable and Affordable energy
- Financing the transition
- Take everyone along (Just Transition Mechanism)
- Transition to a Circular Economy
- Farm to Fork
- Towards a Green CAP
Revision of 2030 climate and energy targets in process.
Live debate about what the new Renewable energy and Energy Efficiency sub-targets will be in a -50% and -55% greenhouse gas target.
MFF provides support for:
- Horizon Europe: This finances EU-wide research projects.
- Innovation Fund: This applies to commercial-scale demonstration projects on decarbonisation in power generation and industry.
- TEN E (Trans-European Networks for Energy): This supports financing for infrastructure projects. EGEC is working to have geothermal district heat, electricity and risk management schemes included as Projects of Common Interest (PCIs) so they get 50% funding from the EU.

Industrial strategy
- Battery value-chain legislation
- Project of Common Interest for innovative value-chains
- Research mission on cities.
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The Commission will make a Green Deal call in June 2020 in the region of €1 billion.

It is part of the InvestEU programme which seeks to mobilise an additional 1 trillion.

Limited details to date but we do know:
- Commission refers to this as a “Major cross-cutting call to provide innovative solutions to demonstrate green tangle results”.

Stay tuned to EGEC Member news for information as soon as it becomes available.
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INNOVATION FUND
Driving clean innovative technologies towards the market

First call for projects in 2020

€10 billion to invest up to 2030 in EU’s climate neutral future

Avoid emissions and boost competitiveness

Supporting innovation in:

- Energy intensive industries
- Renewables
- Energy storage
- Carbon capture, use and storage
Application tips

• 1st call expected in June 2020. Regular calls thereafter.
• The funding process is more streamlined than its predecessor, the NER300.
• Strong opportunity for more geothermal applications in industry such as cement, steel, chemicals and paper. Important to reach out to potential manufacturing partners now.
• Projects need to be supported by a Member State.
• Funding is dependent on EU ETS price which is has fallen from €25 to €16 since the pandemic. This price is expected to recover shortly.
Feasibility Study → Project preparation → Construction → Reporting period

Grant award → Financial close → Entry into operation → Annual instalments (3 - 10 years)

Up to 40% payment: Notdepending on verified emissions avoidance
At least 60% payment: Depending on verified emissions avoidance
Content:

1. MFF (2021-2027) and EU Green Deal
2. Demonstration funding (June 2020)
3. Innovation Fund (June 2020)
4. Modernisation Fund (January 2021)
Modernisation Fund

• Goes live on 1st January 2021.
• 70% of the funds must be spent on:
  • Generation and use of electricity from renewables;
  • Improvement of energy efficiency (including in transport, buildings, agriculture and waste) except energy generation using fossil fuels;
  • Energy storage;
  • Modernisation of energy networks, including district heating pipelines, grids for electricity transmission, increase of interconnections between EU Member States
• Just transition in carbon-dependent regions to support the redeployment, re-skilling and up-skilling of workers, job-seeking initiatives and start-ups.
<table>
<thead>
<tr>
<th>Member State</th>
<th>Volume of allowances</th>
<th>Size of the fund (€10 EU ETS price)</th>
<th>Size of the fund (€25 EU ETS price)</th>
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<tr>
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<td>Croatia</td>
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<td>Slovakia</td>
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</tr>
</tbody>
</table>
MODERNISATION FUND

How does the financing process work?

- EU Member State submits the investment proposal
- The European Investment Bank confirms priority status

PRIORITY INVESTMENT
- The European Commission takes disbursement decision
- The European Investment Bank disburse funds
- EU Member State implements investment and reports to the European Commission

NON-PRIORITY INVESTMENT
- The European Investment Bank assesses proposal
- The Investment Committee votes
Thank you!