EU Innovation Fund

Lessons learned from 1st call

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Agenda

• General observations

• Appointing an external auditor

• Evaluation Criteria
  • GHG emission avoidance potential
  • Degree of innovation
  • Project maturity
  • Scalability
  • Cost efficiency

• Questions
General observations

• The process for the EU Innovation Fund grant application and the associated evaluation criteria are largely transparent.

• The work involved is significant. You will need a dedicated team for the 2 or 3 months prior to submission.

• It isn’t too early to start thinking about a 2023 application. The process and structure of the second call is largely the same as the first.

• Many projects passed the grant funding thresholds but weren’t funded.
Appointing an external auditor

- There aren’t many companies that are qualified to do the audits so try to secure the auditors quickly to make sure they have availability in the timeframe prior to submission.

- Relevant costs – there was uncertainty from the auditors in terms of who could audit and what the deliverables were:
  - Wasn’t clear what type of qualifications were needed
  - Would have been helpful for EUIF to provide a template for the audit report.
Evaluation Criteria

- **GHG emissions avoidance**
  - Relatively straightforward.
  - Worksheets and methods for calculating your score are clear

- **Degree of innovation**
  - “Innovative compared to the state-of-the-art, go beyond incremental innovation and contribute to energy efficiency, circularity and production or use of additional renewable electricity”.
  - What we’re proposing to do at Geretsried in Germany is the commercial demonstration of Eavor’s closed-loop technology.
Evaluation Criteria – Project Maturity

• **Technical**
  • We were able to leverage the success of our Eavor-Lite pilot project

• **Operational**
  • We had an aggressive development schedule, showing we are committed to spend our equity first and accelerate start of construction as soon as possible
  • Feedback received that timeline was too optimistic – better to be conservative in the project scheduling
Evaluation Criteria – Project Maturity - Financial

• Financial Model Summary Sheet
  • Transferring information from our financial model into the EUIF worksheet took time to ensure the correct inputs were used, no clear directions on how to properly input into the sheet (how the grants should be treated, etc.)
  • Needed to extend the EUIF model timeline to match project life

• Relevant Cost worksheet
  • Multiple products did not work well for heat and power products (biggest challenge was in the state aid subsidies (EEG for electricity) and variable OPEX (higher for power than heat)
  • Ended up doing a weighted average calculation based on total thermal output per year, and percentage of that output that went to heat or power sales

• General challenge with financial commitments conditional on grant funding
  • Want firm financing commitments, but funding is conditional on receiving grant
Evaluation Criteria (cont.)

• **Scalability**
  • We were able to point to a large pipeline, both within the project itself and the portfolio of projects in Europe and other parts of the world.

• **Cost efficiency**
  
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  \text{Cost efficiency ratio} = \frac{\text{Requested grant}}{\text{Absolute GHG emission avoidance}}
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  • A few options for increasing this score:
    • Increase equity to reduce requested grant
    • Reduce project capital, thereby reducing the grant requested
    • Maximise the GHG emissions avoidance