



Energy Sector Innovation- Financial Network

Meeting in Bilbao



April 2008 |

This project has received funding from the European Union's Sixth Framework programme

Why?

EU policy

- **The Lisbon strategy: 2010 ‘the most dynamic and competitive knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion, and respect for the environment’**

In 2004: “The High Level Group” identifies the difficulty to facilitate access to finance for the entrepreneurs.

Why?

EU energy policy

- Limits to greenhouse gases emissions (EU has the commitment to deliver the collective 8%, with the reference to 1990 level, cut in emissions by 2008-2012).
- Promotion of renewable energies (EU objective: 20% market share of renewable energy in 2020 total primary energy consumption.
- Reduce energy dependency.
- Cogeneration Strategy (Target of doubling the share of electricity production from cogeneration to 18% by 2010).
- Improvements in transmission & distribution grid (energy internal market & improvements in the quality of the service require better technology and management.
- Nuclear facilities decommission.

Why?

The European innovation in the energy sector has found relevant barriers to access to finance services:

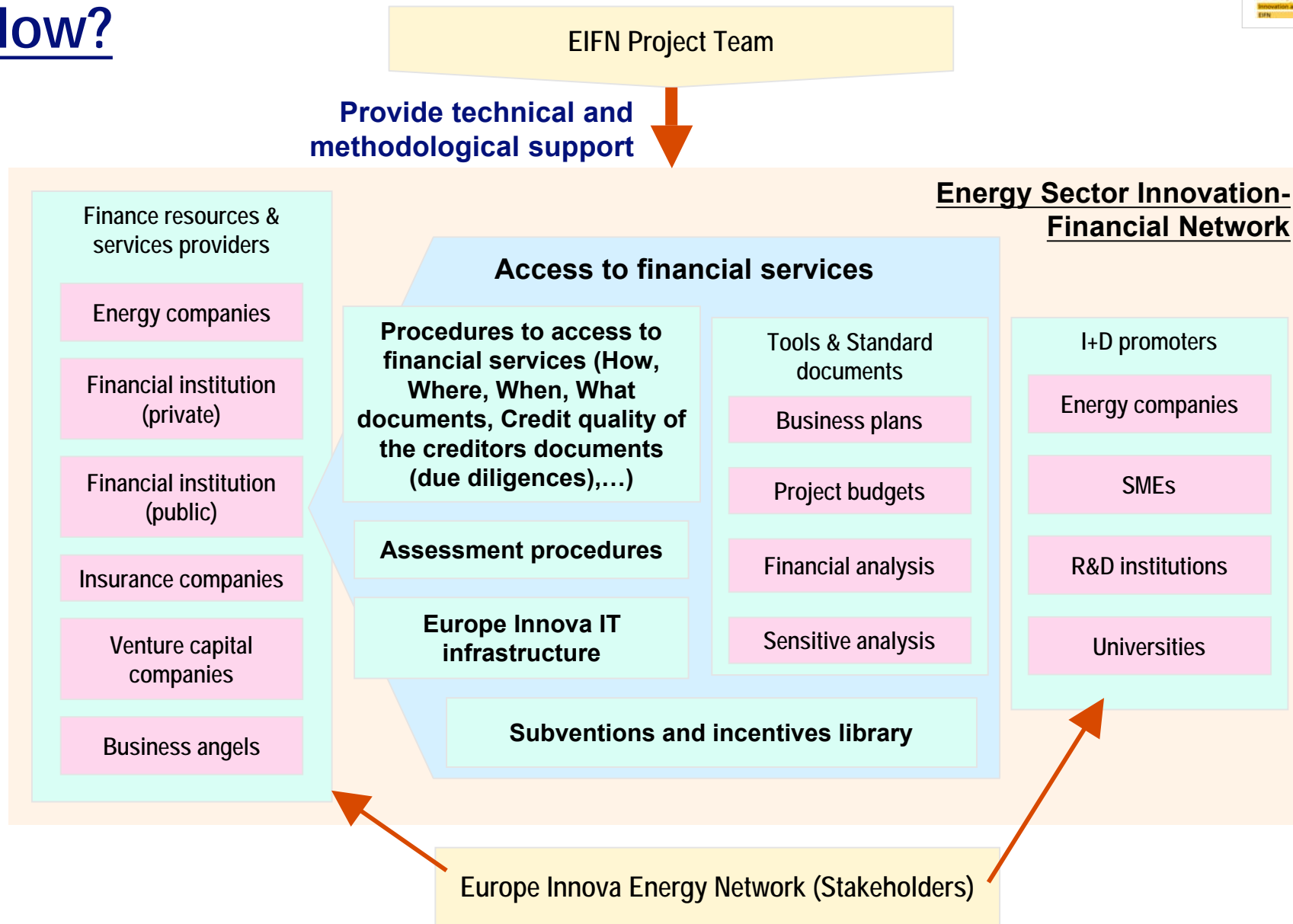
- Some project promoters needs more knowledge about: Innovation financing alternatives, Access to financial resources procedures, Structured finance, Project evaluation methodologies, Economic valuation of the project environmental impact, Business plan elaboration, Risk management.
- Projects with long maturation periods that needs to adapt project financial structure to this characteristic.
- Usually these projects require high volume of financial resources, in some cases the promoters has problems to engage guaranties to obtain the finance support.
- Projects with high volatility cash flows due to: Technology risk, Regulatory risk, Commodity price risk.
- How to access to financial services.

EIFN objective

EIFN is an European initiative focused on designing and developing a comprehensive framework for a better understanding between innovation energy promoters and institutions and financial agents based on:

- **Collaboration to update the financial services to the energy sector innovation needs.**
- **Providing practical and efficient solution to facilitate innovation agents in the energy sector the access to financial services.**

How?



How?

- **Establish a comprehensive network to improve the financing innovation in the energy sector (Europe Innova Energy Network-350 of stakeholders).**
- **Identify and design financial services (solutions) according to the specific characteristics of the innovation in the energy sector (map linking needs of innovation in energy sector and funding sources).**
- **Design and develop of methodologies and tools to elaborate business plans and financial analysis for the innovation projects (mainly focus on long term mature and high volatility: Multi-scenarios, sensitivity and simulation analysis and real options approaches).**
- **Develop a framework that improves the access of innovation energy enterprises and institutions to financing.**
- **Practical test.**
- **Dissemination activities: Workshops (24 ws-1,000 attends), roundtables, newsletters,...**

Results

- **EIFN templates: Projects and budgets**
- **EIFN valuation methodologies: NPV, Real options and Monte Carlo Simulations**
- **Europe Innova Energy Network-560 of stakeholders**
- **41 energy innovation projects have been managed by EIFN**
- **24 workshops & 5 roundtables**
- **30 newsletters**