

The EU's NER300 Programme is the world's largest funding programme for innovative low carbon energy projects and a key component of the EU's strategy to tackle climate change.

Established by Article 10a(8) of the EU Emissions Trading Directive, and further developed through Commission Decision 2010/670/EU (NER300 Decision), the programme covers 300 million allowances from the new entrants reserve of the EU Emissions Trading System for the co-financing of commercial demonstration projects of environmentally safe capture and geological storage (CCS), as well as innovative renewable energy (RES) technologies, in the territory of the EU.

The 300 million allowances, worth €4-5 billion, will be monetised and distributed through two rounds of calls for proposals, covering 200 and 100 million allowances respectively.

The programme intends to support at least eight CCS projects and at least 34 RES projects in eight different technology categories (bioenergy, concentrated solar power, photovoltaics, geothermal, wind, ocean, hydropower, distributed renewable management), each with different sub-categories. At least one project, and at most three projects, will be supported in each Member State.

NER300 will provide 50% of relevant costs but no project will receive more than 15% of the total available allowances.



NER300 Programme – an innovative financial instrument

NER300 supports 50 % of the innovative component of a project, also known as the 'relevant costs'. These account for the additional investment required as a result of the application of an innovative RES technology or CCS, minus the net present value of the operating benefits and costs arising from the application of the technology. The other 50% of relevant costs, as well as all the conventional costs of the project, will be funded by private investment and through Member State support. More than half of the relevant investment costs of such projects should in principle be covered by the operator.



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FINANCING INNOVATIVE
LOW CARBON TECHNOLOGIES

The EU NER300 Programme



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How the NER300 Programme is implemented

The programme is implemented at EU level, but with important roles both for the Member States and for the European Investment Bank (EIB).

In the first round of calls for proposals, the key stages of the selection process are:

- ▶ Following the launch of the call for proposals, project developers submit proposals to Member States, which check their eligibility and select the eligible projects they wish to submit for further assessment to the EIB.
- ▶ The EIB conducts the financial and technical due diligence assessment of the proposed projects, ranks them according to their costs per unit performance (CO₂ stored for CCS projects and clean energy produced for RES projects) and makes recommendations for award decisions to the European Commission.
- ▶ The Commission determines the number of projects which can be supported based on the available funds, re-consults with Member States, and makes the award decisions.

The Commission launched the first call for proposals on 9 November 2010. Award decisions are likely to be taken in the second half of 2012.

The EIB is responsible for monetising the allowances. Based on the award decisions, the EIB will provide funding to the respective Member States, which will distribute the funds and ensure proper implementation of the projects through legally binding instruments with the project sponsors. Projects will be required to enter into operation at the latest within four years of adoption of the award decisions.

Following completion of the first round of calls for proposals, the NER300 Decision will be reviewed and if necessary amended so that any technological or geographical imbalance can be adjusted in the second round.



Knowledge-sharing

Knowledge-sharing requirements are an important component and a major added value of the NER300 Programme. Two “levels” of knowledge-sharing are foreseen: the first level aims to accelerate the deployment of CCS and innovative RES by sharing information among projects using similar technologies; the second level aims at a wide dissemination of information to the public so as to increase confidence in CCS and RES technologies.

NER300 requires project operators who receive financing from the programme to share information on technical set-up and performance, cost level, project management, environmental impact and health and safety of their projects. Annual compliance with knowledge-sharing requirements is a pre-requisite for the disbursement of funds under NER300.

Further information is available at:

http://ec.europa.eu/clima/funding/ner300/index_en.htm

Roadmap for moving to a competitive low carbon economy in 2050

http://ec.europa.eu/clima/policies/roadmap/index_en.htm

