



Rialtas na hÉireann
Government of Ireland

Climate Action Fund

Expressions of Interest Summary Paper

6th August 2020



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Expressions of Interest Summary Paper – August 2020

The Department wishes to thank all the organisations that took part in the Expressions of Interest (EOI) process for the Climate Action Fund earlier this year and would like to compliment all those who participated on the range and quality of projects put forward. This paper sets out a summary analysis of the EOIs received and provides feedback for organisations to consider in advance of making formal funding applications under the fund. The paper also gives an indication as to the timelines of the next call(s) under the fund which is now statutorily underpinned by primary legislation (NORA Act 2020).

1. Expressions of Interest Summary Report

From January to March 2020, the Department of Communications, Climate Action and the Environment held an open call for Expressions of Interest (EOI) for the Climate Action Fund (CAF). The objective of this call, a market sounding exercise, was to help inform the design of the next call(s) of the CAF. In order to identify as many diverse projects as possible, very few limits were applied to EOI submissions, such as upper or lower limits for financial support or State Aid intensity.

The Department engaged with over 350 people from over 200 organisations during the stakeholder consultations ahead of opening the submission window for the EOI. These engagements resulted in 191 submissions from 149 organisations covering a broad range of sectors. At this stage of the process the Department's analysis of the submissions received was not concerned with individual project feasibility and in this regard individual submissions were subject to a preliminary analysis only. As stated above the main focus for the EOI process was to help inform the design of the next call(s) of the CAF. Further background information on the EOI process can be [found here](#).

Table 1 below shows the breakdown of EOIs received across organisation type.

Organisation Type	Number of EOIs
Academic bodies	16
Community & non-profit bodies	29
Private bodies	77
Public bodies	69
Total	191

For ease of reference the 191 EOIs were categorised by the Department as coming from four types of organisations (see Table 1) and which spanned 12 broad sectors, see detail below in Table 2. Many projects have crossover between sectors and in those cases projects were categorised by the most relevant/prominent sector based on the detail provided in the respective submissions.

Sector Type	Number of EOIs
Agriculture & Forestry	9
Alternative Transport (Bikes, car pools, etc.)	6
District Heating	4
Education, Skills & Awareness	28
Energy Efficiency	35
Environment & Biodiversity	9
Other (incl. Carbon trading, energy agencies, etc.)	19
Renewable Energy	28
Renewable Fuels	10
Research Only	17
Transport Infrastructure & Vehicles	15
Waste & Recycling	11
Total	191

The headline data shows that the weighted average¹ for potential projects was:

- Average project cost is €20 million;
- Average CAF financial request is €5.5 million; and
- Average GHG reduction (tCO²-eq) up to 2030 is 1,284,643 tonnes;
- Average State Aid intensity (i.e. CAF support as a proportion of total projects costs) of 53%².

For comparative purposes the overall weighted average figures by sector are listed below in Table 3:

Categorised Sector	Average of CAF Intensity	Average of 2030 GHG reduction (tCO₂-eq)	Average of Total Cost (€)	Average of CAF Cost (€)
Agriculture & Forestry	47%	1,957,776	€4,540,000	€1,662,857
Alternative Transport, (Bikes, car pools, etc.)	86%	49,693	€11,000,000	€9,047,000
District Heating	49%	174,973	€59,109,500	€17,135,675
Education, Skills & Awareness	64%	1,191,639	€3,958,646	€2,501,231
Environment & Biodiversity	57%	4,905,945	€7,418,800	€3,963,080
Other (incl. Carbon	51%	4,727,938	€15,045,487	€6,950,439

¹ There were a number of significant statistical outliers which skewed the results of averaging all 191 EOIs. A weighted average has thus been calculated by excluding all projects that have GHG reductions and CAF cost greater than 2 standard deviations from the mean. The weighted average also excludes all projects that have no GHG reductions cited and no CAF costs given. The resultant figures all give an output similar to the application of a 5% trimmed mean.

²This is approximate as State Aid intensity is actually calculated on a basis of eligible costs not total costs. The Average CAF intensity is an average of the percentage intensity of each project, i.e. the majority of projects are requesting close to 53% intensity. However there are a small number of projects that have very large costs but low CAF costs that influence the total costs to make it appear that the intensity should be lower overall. This however would not be representative of the vast majority of projects. Therefore the average intensity for each project has been used to give a more relevant figure.

trading, energy agencies, etc.)				
Renewable Energy	54%	2,098,942	€12,218,853	€7,202,780
Renewable Fuels	49%	847,797	€10,061,667	€4,350,333
Research only	92%	509,250	€1,618,750	€1,321,875
Transport Infrastructure & Vehicles	44%	631,132	€19,499,515	€6,226,636
Waste & Recycling	59%	234,339	€12,500,354	€3,568,843
Energy efficiency	45%	63,826	€44,068,188	€5,065,500
Total	53%	1,284,643	€20,101,658	€5,494,037

The data illustrated above demonstrates the wide range of submissions received and how key criteria such as cost and impact (GHG related) vary across the proposals assessed. Within this context the Department has noted that while there were many excellent submissions received from all sectors, there were also several that were less clear in identifying outputs and their benefits and that lacked clarity overall in terms of presenting clear outputs and outcomes. This may also reflect the nature of the call which was a market sounding exercise and thus was not purely focused on identifying detailed project proposals.

The submissions, from all sectors, were however hugely instructive in terms of helping DCCAE identify a pipeline of potential projects in sectors that may be supported in future funding calls.

2. Feedback on Submissions

Context

The first call for funding under the CAF in 2018 had a 7.2% success rate from the competitive applicants. DCCAE is seeking to offer greater clarity and support to potential

applicants to increase not only the success rate but also the quality of the applications that may be supported in the next round. The information below, like all aspects of CAF applications, is available to all interested parties [on our website](#).

Ahead of the next call of funding DCCAE will engage further with interested parties (online format) to provide additional feedback on the EOI process and prepare for the next funding call. All information related to the Climate Action Fund is freely accessible [on our website](#).

Feedback on EOI Submissions

Given the wide range of projects submitted from all sectors, only generalised feedback is provided here. This feedback should not be taken as conditional for funding in any future calls but can be taken as a guide to help develop project applications to best show their benefits and utility.

DCCAE analysis showed a number of broad issues that appeared across sectors and projects. It is acknowledged that some projects will align with well-defined metrics (i.e. GHG emissions) while others such as those associated with research, education and behavioural change are less easy to quantify in terms of impacts and outcomes. The following list of points is not exhaustive but does show some of the more frequent issues encountered from the EOI process.

Outputs versus Outcomes

- While the majority of EOIs outlined outcomes of their project there were several submissions that did not clearly define what the outputs would be which is an important metric to be assessed for projects at application stage.
- Outputs are those measurable results which are achieved after undertaking a CAF supported project.
 - E.g. constructed a building of 200m², laid 500m of cable, provided training to 100 people, etc.
- Outcomes are more medium term and resultant changes due to the CAF project.
 - E.g. the constructed building and cabling is part of a low carbon power generator and is providing power to local businesses, the communities' awareness of climate change is increased because of the training.

- There are usually several outputs of a CAF project and they combine to have an overall effect which is the outcome. The best way DCCAE can seek to fully understand, assess and compare potential projects is to have a clear oversight of both outputs and related outcomes. And in this regard the focus should be on the exact project to be funded under CAF. Additional information on scaling up can of course also be provided as supplementary to these specifics.
- It is therefore recommended that applicants clearly set out both the project outputs and outcomes that would be delivered under CAF funding. The outputs in particular are important in assessing financial issues, State Aid, contract deliverables and, timelines etc.

Data and Narrative

- It is important where possible to try and give clear quantifiable metrics, and include the basis and calculations behind any assumptions. A number of EOI submissions gave figures with no explanation as to how those figures were calculated. Under the formal application process when a project is initially approved for funding, the CAF is required to interrogate projects' claimed/application figures during validation which would require comprehensive explanatory information for the figures cited. Undertaking this work in advance will help quicken timelines to contract signing.
- Related to the above some carbon reductions cited in EOIs would need further explanation as to how they were estimated. It is also important to differentiate between carbon reductions as a direct result of a specific project and for those that are estimated if the project was scaled beyond the outline of the project itself. A clear and concise narrative is very important to help understand the context of the project in terms of explaining precise nature of project and what will be delivered in terms of impact and why this is important in contributing to the overall climate action agenda. The narrative should be quantitative wherever possible and short precise responses are recommended.

State Aid

- Very careful consideration should be given to the EU State Aid and General Block Exception Regulation (GBER) limits that will apply in the next call for funding. A number of EOIs received referenced a very high level of state aid intensity for the CAF funding. Interested applicants should make themselves aware of the limits that the state would be able to fund projects within the GBER limits.
- The next call will continue to use the GBER EU State Aid Funding limits and rules and these will be adhered to in all circumstances where they apply. For more information about GBER limits and criteria there is more detail on the CAF [website](#). The limits and criteria will depend on the type of project, so applicants are requested to assess the limits that will apply for their own respective projects.
- It is very important to understand the difference between total project costs and 'eligible' project costs when it comes to State Aid. This will depend on the type of project and consulting the [EU State Aid website](#) is advisable. Further information in respect of how this relates to the CAF will be provided under the next calls to issue. Below is a basic example to illustrate these costs.
- A large company may set out that the cost for a specific project is €10 million.
 - In this example the max State Aid for a large organisation for their project type is 45% of *eligible* costs.
 - Out of the total cost of €10m, €4 million of the project costs may relate to preliminary or related works that the organisation must undertake to prepare for the project itself. The remaining €6 million may be for the exact eligible costs that relate to their project type. This calculation is provided in GBER regulations by way of a definition of what is an 'eligible cost' and this varies depending on project type.
 - In this example, €6 million worth of works are defined as eligible costs and on that basis that is what the CAF can support.
 - This means that the maximum this organisation could apply for, and possibly receive from the CAF, is 45% of €6 million, not €10 million: i.e. they could apply for €2.7 million.
- Applicants are advised to bear in mind that where projects comprise of works of multiple types which are relevant across different GBER thresholds, the CAF will not

allow support levels to be cumulated so as to inflate the level of State Aid intensity that could be applied. For example a project may have a maximum state aid limit of 30% but under a separate GBER article, training for retrofitting workers can be covered up to 50% then it would not be possible to combine these two intensities together – in such a case the project must only use the maximum 30% intensity and exclude the training costs as they will not be covered as an eligible cost. Interested parties should therefore ensure they carefully consult GBER and apply the correct conditions to determine their eligible costs and maximum support intensities and limits. The CAF requires projects to select one article to apply for funding and projects cannot circumvent this by splitting up the project.

- In a formal application costs would need to be broken down as only eligible costs would be applicable for CAF support.

Government Funding Rules

- Organisations should be mindful that CAF funding will not be permitted to overlap with any other state funding support schemes. The Renewable Electricity Support Scheme, the public sector energy efficiency strategy, SEAI funding and other Government supports are available and should be explored separately.
- Projects should be aware of the [Public Spending Code](#) and DPER Circular 13/2014 on the Grantor/Grantee relationship which the CAF must operate within and which CAF funding must adhere to.

Mandatory CAF Rules

- In a formal call, projects would need to clearly show that the ‘additionality’ concept has been met. Additionality in this context means that the project would not go ahead without the support of CAF funding. It was not clear from a number of EOIs received that the additionality condition had been met.
- Additionality can be demonstrated in a number of ways, usually related to financial analysis of the project plans, as well as through other methodologies. It is critical that no matter what type of project you are proposing and no matter how much the

funding, you must show that there is 'additionality' with the Climate Action Fund. Projects that are already going ahead, without Climate Action Fund support, will not be funded. Projects need to show that Climate Action Fund support will make the project viable or feasible or allow the applicant to produce an output and outcome which could not be done without the Climate Action Fund support.

Making the most of applications

- It was noted that a number of submissions left some sections blank on the EOI form. Please be advised that in a formal call for applications nothing should be left blank, and some explanation should be given if you believe you can not provide an answer to any particular section.
- It was noted by the Department that a number of submissions did not list any co-benefits and the Department would recommend that projects give more information on any co-benefits relevant to their projects. Co-benefits may include but are not limited to, job creation, climate resilience, biodiversity, air quality etc. In an application evidence to support assertions on co-benefits need to be supplied.
- It would be recommended that projects give clear explanations for any novel technologies so that they can be accurately evaluated in a formal call for funding.

Timelines and applicant capabilities

- Based on the EOIs received it is recommended that realistic timelines are provided in respect of start date and how long a project would take to run.
- It should be noted that even after the next formal call for funding has been completed and projects have been selected there will still be a validation process to be carried out by Departmental and industry experts that may take a number of months to complete before a project is given the formal approval to commence project delivery. In this regard the importance of a clear and concise application is again highlighted.
- It is important that potential applicants demonstrate that they have the capacity to deliver a project that they are requesting funding for. This is particularly important in relation to the financial and validation requirements of progressing a project to its

delivery phase. Any concise supporting evidence that the organisation or individual(s) can give showing previous projects of similar size would be useful in this respect.

- It is important, where possible, for applicants to demonstrate that they have already put in place substantial planning and are ready to move quickly to project delivery once funding is in place including for example where planning permission for their projects has been considered. The CAF expects that applicants would be able to demonstrate the order of works and timelines that they are seeking to achieve in their projects.
- It is also important that applicants demonstrate that they have already accounted for and formalised any legal and financial commitments and issues which are relevant to their projects.

3. Next call(s) for funding

As highlighted above the expressions of interest process is helping to inform the Department on the scope and scale of the next formal call for applications which is envisaged will take place later in 2020. Further feedback on the EOI process and information relating to the next rounds of funding will be provided on the CAF webpages of the Department's website in due course.

The Department would again like to thank all the interested parties that participated in the EOI process and look forward to assessing candidate projects in future funding calls with the hope of being able to help bring successful projects through to delivery with the support of the Climate Action Fund.

**Transport Energy and Climate Action Fund (TECAF) Division
6th August 2020**