

25th March 2025

Workshop: Financing Innovation in European Power Grids

Scene setter

Context – grids are the backbone of the energy transition

- Grids are key **enablers** of the European energy transition, but without investment at scale, there is a risk they could be **bottlenecks** instead
- The central role grids will play in Europe's decarbonisation is reflected in recent announcements from the European Commission¹:

→ Clean Industrial Deal (CID)

- Proposes a business case for decarbonisation that allows European companies to grow and innovate
- **Two main focus areas:**
 - Urgently support energy-intensive industries on complex regulations, unfair competition, and much-needed investments
 - Support cleantech companies that are on the verge of high growth and are needed to remain and thrive in Europe

→ Affordable Energy Action Plan (AEAP)

- Aimed at reducing energy costs for consumers and industry
- Sets **new electrification target of 32% by 2030** (vs. 23% currently) and announces key measures to support further grid investment including:
 - **EIB Grids Manufacturing Package**, focused on the supply chain; and
 - **European Grids Package**, focused on legislative amendments



1. See additional background in Appendix

Focus of today's discussion

Role of innovative grid technologies (IGTs)

- IGTs are needed in addition to grid reinforcement and expansion to:
 - Optimise existing infrastructure
 - Enhance grid performance
 - Reduce raw materials requirements; and
 - Reduce overall buildout costs
- Are the recently announced initiatives sufficient to incentivise uptake of IGTs at scale?

Objective of today's workshop

- To share and test GFI's UK analysis of the barriers and potential solutions to scaling and accelerating private investment into innovative grid technologies with public, private and civil society experts from the European ecosystem; and
- To consider how some of these solutions could be demonstrated and scaled in the context of the unfolding policy and institutional reform discussions getting underway under the CID and AEAP



Agenda

Financing Innovation in European Power Grids

Opening remarks	10 mins
Presentation of key findings from the UK report " <i>What next for financing network innovation?</i> "	15 mins
Discussion on key barriers to investment into innovative grid technologies in the EU and how they compare to the UK	40 mins
Discussion on proposed solutions	45 mins
Wrap up and next steps	10 mins

Grid innovation in the UK

Key findings from the UK report: “What
next for financing network innovation?”



Innovation is already central to the UK price control system

The UK's regulatory framework is often referred to as among the more progressive regimes globally

The RIIO-2 framework

Revenue = **Incentives** + **Innovation** + **Outputs**

- Designed to incentivise network operators to deliver good value for consumers, while allowing them to invest in infrastructure and innovation to meet long-term energy needs

Revenue (R): The amount of money the network operator can earn over the price control period.

Incentives (I): Rewards or penalties based on the operator's performance.

Innovation (I): Encouraging innovation in the network through funding for R&D, smart grid technologies, and more efficient systems.

Outputs (O): The specific targets and services the network operators must meet, such as maintaining a certain level of reliability or meeting customer service benchmarks.

Selected features of the RIIO-2 framework

- **TOTEX approach**: CAPEX and OPEX are treated similarly under the RIIO regime, with an incentive to minimise both while meeting output and performance targets
- **Efficiency measured against both CAPEX and OPEX benchmarks**, the latter being based on **cost projections** which allow inflation to be taken into account
- **Benefit-based remuneration** which rewards network operators for meeting performance targets at a lower cost than the benchmark (in which case they can keep the savings)
 - Conversely there are penalties for underperformance
- **Operators can also be rewarded for innovation**, such as using new technologies or operational practices that improve efficiency or sustainability

Public funding for network innovation

The RIIO-2 framework also provides dedicated funding for network innovation via 2 main channels:

Strategic Innovation Fund (SIF)

Delivered by
Ofgem and
Innovate UK

- Provides funding for feasibility studies, proof of concept and demonstration projects aimed at speeding up the transition to net zero
- Network companies must collaborate with innovators to submit applications

Network Innovation Allowance (NIA)

Delivered by
Ofgem

- Provides funding for smaller innovative projects with the potential to address consumer vulnerability and/or deliver longer-term financial and environmental benefits for consumers

Introducing ‘What next for financing network innovation?’

A greenprint published by GFI, in partnership with Regen and supported by Breakthrough Energy

Context

Grids have become a **bottleneck** for the UK energy transition, with challenges including:

- Electricity demand forecast to double between 2023 and 2050
- Need for old networks to adapt to more bi-directional energy flows with generation and consumption happening at every level and consumers participating in a smarter, more flexible energy system
- Increase in the number of connection requests for distributed energy resources

In order for the UK to reach its 2050 net zero targets, UK networks will not only need to grow but also to **modernise** faster than ever before.

Innovation in both physical and digital solutions is key to achieving this, but deployment of innovative grid technologies on the UK grid has been slow to take off.

Greenprint ‘What next for financing network innovation?’



Report objectives

Breakthrough Energy commissioned a report from GFI and Regen with the following primary objectives:

- **Map the key players** in the network innovation ecosystem in the UK;
- **Identify the key barriers** to the deployment of capital in innovative companies; and
- **Suggest avenues for solutions** spanning policy, regulation and financial interventions

Methodology

GFI and Regen, working closely with Breakthrough Energy and Ofgem through Q3 and Q4 2024:

- Conducted an extensive **literature review**
- **Interviewed** 11 stakeholders from companies involved in network innovation and investment
- Held a closed-door **workshop** with 24 more participants
- Organised and presented the findings in a report or ‘**greenprint**’, illustrating a way forward for network innovation in the UK

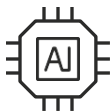
A private roundtable event was held in London in December 2024 to launch and test the report’s findings and discuss next steps.

What do we mean by innovative grid technologies?

Mapping the key players in the network innovation ecosystem

Innovative grid technologies (IGTs) include grid-enhancing technologies that get more performance out of the existing grid, technologies that enable the operation of a power system with a high penetration of renewables, and high-capacity conductors that can offer up to ten times the transfer capacity of traditional conductors and significantly reduce network losses. They can broadly be grouped into 2 groups: digital solutions and physical solutions.

Digital solutions



Examples	Description
AI tools for networks	Artificial intelligence tools can help deliver better efficiencies and integration of new technologies into the network. For example, cloud-based AI models that can process data and images to detect defects and produce real-time asset condition reports; forecasting using digital twins, improved fault detection, improved power flow, the use of new performance measures and increased stability.
Advanced Power Flow Control (APFC)	Unlocks capacity by dynamically controlling power flows across the grid.
Dynamic Line Rating	Improves grid utilisation by providing greater visibility to system operators and allowing them to react to actual temperature and sag of a power line.
Flexibility Management Systems	Allow grid operators to manage and control the flow of electricity efficiently by actively managing the supply and demand of grid connected assets.
Grid inertia measurement	One grid constraint is that a sufficient amount of inertia (rotating turbines stabilising the grid) must be present. Measuring inertia in real time allows a) higher renewables operation on the grid / less redispatch for inertia reasons, and b) more targeted inertia procurement.
Examples	Description
EHVDC mass impregnated (MI) subsea cables	MI cables are composed of a very high viscosity impregnating compound, which does not cause leakage in the event of cable damage or failure.
High Temperature Super Conductors	Allows transmission of very high amounts of line capacity.
HVDC converter hubs	HVDC systems utilise power electronics technology to convert AC and DC voltage and enable the efficient integration of renewable energy sources.
Storage as A Transmission Asset (SATA)	SATA uses storage facilities to inject or absorb energy to facilitate power flows on transmission lines. Used this way, SATA can provide reliable services and serve as an alternative to new transmission projects.
Superconductor cables	Due to their high efficiency, small volume and high capacity, superconducting cables are a possible solution for connecting new equipment to the physically remote networks that will require additional capacity.

Physical solutions



With a few exceptions such as superconductors which are still emerging technologies, many IGTs have already been developed beyond the demonstration stage and are ready for commercial deployment at scale.

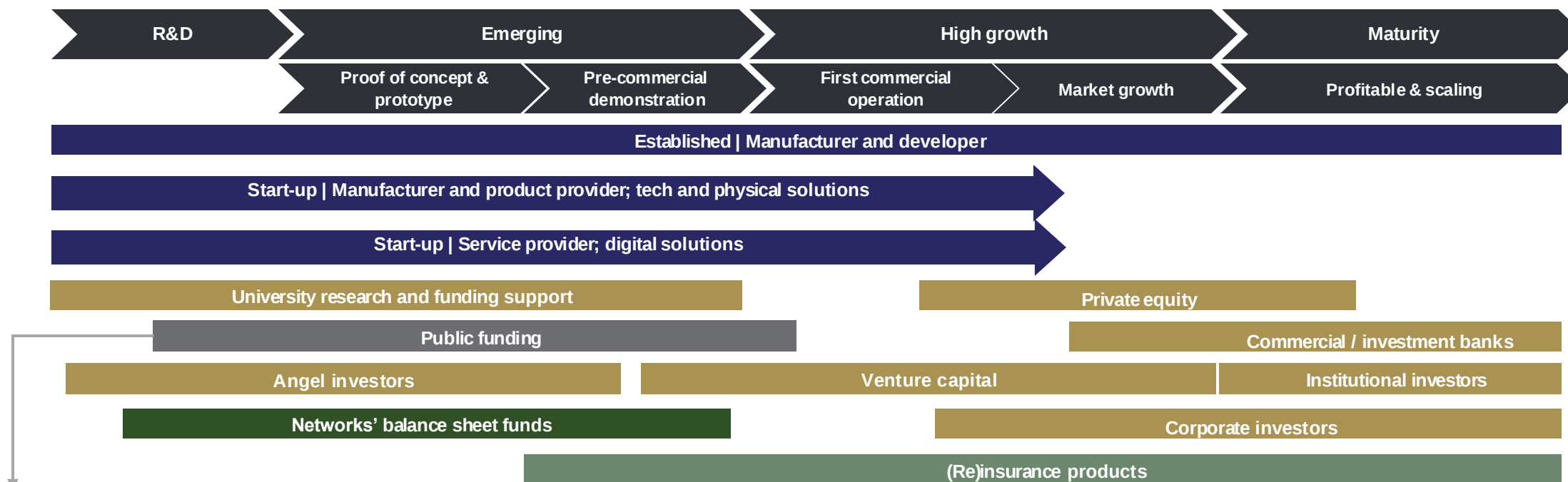
Mapping the key players on the innovation journey

Mapping the key players in the network innovation ecosystem – continued

The network innovation ecosystem is made up of different types of organisations, or ‘archetypes’, each having a role in the journey from research and development (R&D) to commercialisation. The report identified 18 ‘archetypes’ and grouped them into 5 main categories:



The following chart maps each ‘archetype’ on the innovation journey and shows where private finance already plays a role.



Public funding specifically targeted at network innovation (not detailed here as UK-specific) is available primarily at R&D and emerging stage, while more generic public funding for start-ups is available at the growth stage. There is however a lack of connectivity between public and private funding creating an investment gap (aka ‘valley of death’) for innovators seeking to transition from post-feasibility and pre-revenue into commercialisation.

Identifying key barriers to the deployment of IGTs

13 main barriers were identified and grouped into 4 themes, with market access perceived as the most significant

Timelines

The way that both the networks and their innovation activities are funded creates timeline challenges: gaps in funding for innovators, long time horizons to scale and a more piecemeal approach to innovation. This is even more challenging for physical technologies which require bigger investment rounds compared to digital solutions.

1. Long time horizons to scale
2. Narrow / rigid timelines for public funding
3. Funding gap
4. Cyclical nature of network funding

Approach to risk

Network companies tend to be risk-averse. This is in part due to the regulatory environment and their primary function of keeping the lights on, as well as networks operating as fully regulated businesses. This affects their appetite to support more disruptive or radical innovation.

5. Conservative nature of network operations
6. Risks are highly concentrated and high impact
7. Conservative regulatory arrangements

Market access

Innovators have difficulty accessing network operators in the early stages and then selling and scaling their services post-pilot. Investors face challenges when assessing the market size and potential risks and returns.

8. Access to networks
9. Uncertainty around market size
10. Scaling network innovation across markets
11. Complex procurement processes

Knowledge

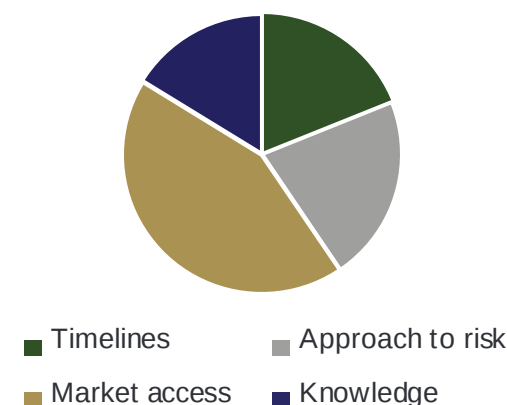
Investor perception of the energy networks sector tends to be negative compared to other types of cleantech as the fully regulated models and network operators are more challenging to navigate and understand. Plus, complexities around IP arrangements in publicly funded projects create additional challenges for investors.

12. Investor perception of the sector
13. Complex IP arrangements

The 13 barriers identified are a combination of barriers specific to the grid sector and barriers that apply more generally to cleantech start-ups and scale-ups.

We presented them to workshop participants to test their significance and whether any were missing. Of the four themes, market access presented the greatest challenge area.

Most significant barriers by theme



Solutions assessment summary (1/2)

Solution ideas		Key barriers addressed	Intervention theme	Organisation to deliver	Beneficiaries	Ease of delivery ¹	Highly ranked ² ?	
							Project team	Participants
1)	Technology performance guarantees ³	6. Risks are high impact; 12. Investor perception of the sector	Guarantees & insurance	Insurance companies, with public sector-led coordination	Innovators, network companies, private capital		✓	✓ ✓
2)	Risk pooling ³	6. Risks are high impact; 9. Uncertainty around market size	Guarantees & insurance Public capital	Insurance companies, with public sector-led coordination	Innovators, network companies private capital		✓	✓ ✓
3)	Blended finance to bridge funding gap ³	1. Long time horizons to scale; 2. Narrow / rigid timelines for public innovation funding; 3. Funding gap	Other blended finance	Private capital, with public sector-led coordination	Private capital, innovators		✓	✓ ✓
4)	Green bonds	3. Funding gap; 9. Uncertainty around market size	Debt	Innovators, network companies, with public sector-led coordination	Innovators			
5)	Knowledge sharing	8. Access to networks; 12. Investor perception of the sector	Public capital	Ofgem, InnovateUK, network companies	Network companies, innovators, private capital		✓	
6)	Testbed environment	1. Long time horizons to scale; 10. Scaling network innovation across markets	Public capital	Ofgem, innovators	Innovators, network companies			✓
7)	SIF ⁴ development and commercialisation support	3. Funding gap; 4. Cyclical nature of network funding	Public capital	Ofgem, Innovate UK, GB Energy	Innovators		✓	
8)	Oversight group	3. Funding gap; 4. Cyclical nature of network funding	Public capital	Ofgem with involvement with Innovate UK, GB Energy and NESO	Network companies, Ofgem		✓	

1. Qualitative assessment including speed of implementation, resources required and both practical and political feasibility considerations. 2. Feedback provided by 3 different groups: i) the project team, based on a qualitative assessment of ease of delivery and expected impact (number of barriers addressed / breadth of beneficiaries across the ecosystem); ii) workshop participants; and iii) participants of the launch roundtable. 3. See spotlight in Appendix. 4. Strategic Innovation Fund (UK public funding instrument focused on network innovation)

Solutions assessment summary (2/2)

	Solution ideas	Key barriers addressed	Intervention theme	Organisation to deliver	Beneficiaries	Ease of delivery ¹	Highly ranked ² ?	
							Project team	Participants
9)	Increased flexibility on IP within innovation funding schemes	13. Complex IP arrangements	Regulation	Ofgem, Innovate UK	Innovators, private capital		✓	
10)	A mechanism to decouple innovation funding from networks	3. Funding gap; 4. Cyclical nature of network funding; 5. Conservative nature of network operations	Regulation	Ofgem, DESNZ	Innovators		✓	
11)	Setting KPIs that are output based and drive the correct behaviours from networks	5. Conservative nature of network operations; 9. Uncertainty around market size	Regulation	Ofgem, DESNZ	Innovators		✓	✓
12)	An output-based performance framework on a longer timeframe	4. Cyclical nature of network funding; 5. Conservative nature of network operations	Regulation	Ofgem, DESNZ	Innovators		✓	✓
13)	Regulatory reform to develop a less risk-averse environment	5. Conservative nature of network operations; 7. Conservative regulatory arrangements	Regulation	Ofgem	Innovators, private capital			
14)	Encourage networks to have regulated and non-regulated arms to allow for investment	3. Funding gap; 4. Cyclical nature of network funding; 5. Conservative nature of network operations	Regulation	Network companies, Ofgem	Innovators			✓
15)	Mechanisms to support standardisation across networks	8. Access to networks; 10. Scaling network innovation across markets; 12. Investor perception of the sector	Regulation	Ofgem	Networks, innovators			
16)	Policy harmonisation to increase market visibility and drive market growth	9. Uncertainty around market size	Policy	DESNZ, Ofgem	Innovators, private capital		✓	✓

1. Qualitative assessment including speed of implementation, resources required and both practical and political feasibility considerations. 2. Feedback provided by 3 different groups: i) the project team, based on a qualitative assessment of ease of delivery and expected impact (number of barriers addressed / breadth of beneficiaries across the ecosystem); ii) workshop participants; and iii) participants of the launch roundtable.

Discussion

Barriers and opportunities to scale
investment into IGTs at the European level



Barriers to investment into innovative grid technologies

Open discussion on key barriers to EU deployment and how they compare to the UK

Questions for discussion

- Does the list of barriers identified in the UK context match your experience of key barriers to financing innovation in European power grids?
 - Are any key barriers missing?
 - In what ways is the European context different to the UK context?
- What are the most significant challenges in the European context?
- Where do funding gaps exist?

Reminder: key barriers identified in the UK

Timelines

1. Long time horizons to scale
2. Narrow / rigid timelines for public funding
3. Funding gap
4. Cyclical nature of network funding

Approach to risk

5. Conservative nature of network operations
6. Risks are highly concentrated and high impact
7. Conservative regulatory arrangements

Market access

8. Access to networks
9. Uncertainty around market size
10. Scaling network innovation across markets
11. Complex procurement processes

Knowledge

12. Investor perception of the sector
13. Complex IP arrangements

Discussion on proposed solutions

Open discussion on potential solutions in the context of the Competitiveness Compass, the Clean Industrial Deal and the Affordable Energy Action Plan

Questions for discussion

EU policymaking is already pivoting towards supporting more private investment into European grids, including innovative grid technologies. **What more could be done to strengthen the investment case for IGTs and to accelerate & scale their deployment?**

- Of the solutions identified in the UK, which seem most suitable in the European context and how could they be taken forward as part of the Clean Industrial Deal and related European initiatives?
- What should policymakers and regulators bear in mind when implementing the solutions that were recently announced as part of the Clean Industrial Deal and Affordable Energy Action Plan?
- Are there additional solutions that should be considered to address barriers to financing grid innovation in Europe?
 - If so, how do they work, which barriers do they address, and what must happen in parallel for them to be effective?

Reminder: solutions identified in the UK

Guarantees and insurance

- Scaling technology performance guarantees
- Risk pooling / mutuals structures

Blended finance

- Public-private blended funds to bridge the funding gap

Public capital

- SIF development and commercialisation support
- Knowledge sharing
- Oversight group
- Testbed environment

Regulation

- Increased flexibility on IP within funding schemes
- Decouple innovation funding from networks
- Set output-based KPIs for networks
- An output-based performance framework on a longer timeframe
- Regulatory reform to develop a less risk-averse environment
- Encourage networks to have non-regulated arms to allow investment
- Mechanisms to support standardisation across networks

Policy

- Policy harmonisation to increase market visibility and drive market growth

Wrap-up and closing remarks

Appendix / Support for discussion

Clean Industrial Deal

EU policymaking is already pivoting to provide more support to cleantech start-ups and scale-ups

Boosting public and private investments

- **Strengthening EU-level funding:** a more targeted use of ETS revenues and the creation of an **Industrial Decarbonisation Bank** (Q2 2026)
 - €100 billion in public funding over the next ten years
 - Expected leveraging of 1 to 4 = **grand total of €400 billion**
- **Leveraging private investments:**
 - **Increase risk-bearing capacity of InvestEU** to mobilise €50 billion additional financing and investments (Q1 2025)
 - **TechEU Investment Programme** (EIB initiative, 2026) to support clean tech start-ups and scale-ups by helping bridge the financing gap
- **Enhancing effectiveness of state aid:** simplifying existing state aid rules and a Clean Industrial Deal State Aid Framework by June 2025 to accelerate the approval of state aid and provide more investment predictability

Affordable Energy Action Plan

Electrification and grids are seen as a central piece of the EU's plan to decarbonise competitively

Lowering energy bills

- **Network and system costs:** new design for tariff methodologies by Q2 2025 to incentivise the use of flexibility and investments in electrification
- **Electricity supply:** Fast increase of Power-Purchase Agreements (PPAs) and Contracts for Difference (CfDs) to make RE production more attractive for industrial users
- **Grids Manufacturing Package** for the European supply chain: together with EIB to provide counter-guarantees to manufacturers of grid components. Indicative amount: > €1.5 billion
- **Increased flexibility:** new rules on demand response by Q1 2026 and the revised State Aid rules framework by June 2025

Accelerating the roll-out of clean energy and electrification by expanding, modernising and digitalising grids

- **Faster permitting** via the Industrial Decarbonisation Accelerator Act (Q4 2025)
- **European Grids Package** (Q1 2026): simplification of TEN-E to ensure cross-border integrated planning and delivery of projects, especially on:
 - Interconnectors
 - Streamlining permitting
 - Enhancing distribution grid planning
 - Boosting digitalisation and innovation
 - Increasing visibility and prioritisation of manufacturing supply needs

Overview of solutions considered 1/2

16 potential solutions emerged from the workshop spanning policy, regulation, guarantees & insurance as well as public, private and blended finance solutions

Solution ideas		Description of the solution
1)	Technology performance guarantees	Provision of guarantees rather than capital – a 'first fail' protection to encourage other investors to crowd in. While guarantees are a relatively novel insurance product, they have the potential to support emerging and first of a kind (FOAK) technologies.
2)	Risk pooling	Coordinate risk pool among several insurers to improve de-risking for network innovation tech. Capital from several insurers and public bodies can be 'pooled' into a fund and used as insurance capital for innovators. Several innovators can then 'pool' their risks to secure insurance at lower rates by acting as a consortium.
3)	Blended finance to bridge funding gap	A blended fund could combine public and different types of private capital, allowing innovators to transition more smoothly through the stages of innovation to commercialisation.
4)	Green bonds	Often innovations are not green in themselves but are enablers for green technology to reach the grid. This would be a mechanism to label something as a 'green enabler' to allow it to receive 'green investment'. This may make it easier for investors with sustainability commitments to invest in network decarbonisation/innovation. Bondholders would expect a return, so it may be better suited to support successful innovations to scale.
5)	Knowledge sharing	A mechanism to support greater sharing of knowledge between innovators, investors and networks, to improve investors' understanding of the sector, help innovators to access and solve network issues, and support the transition of innovations to BAU within the networks. This could be coordinated by Ofgem.
6)	Testbed environment	Create 'low stakes' environment for innovators to demonstrate track record outside of the networks, to make it easier to shrink the demonstration phase timeline and allow innovators to move to commercialisation with greater speed. This could be a digital-twin type environment, or an incubator to provide support in kind to early-stage innovators. This would need to be managed by Ofgem, with collaboration from the networks to buy in.
7)	SIF¹ development and commercialisation support	The creation of a continuous support mechanism providing funding alongside the SIF, supporting pre-discovery innovators to engage with networks, and running in parallel with the SIF to support commercialisation. This could also include funding to support the development of a SIF application, 'post-pilot' planning, or to build a business case to attract additional investment from private finance.
8)	Oversight group	A dedicated organisation that can oversee the creation and delivery of several of the solutions identified, such as the blended finance escalator, and convene the sector to support greater rollout of technology guarantees and support knowledge sharing. This could be a new body, such as GB Energy, or an arm of existing institutions such as Ofgem or UK Research and innovation (UKRI), with a specific remit to deliver or support the delivery of other solutions.

1. Strategic Innovation Fund (UK public funding instrument focused on network innovation)

Overview of solutions considered 2/2

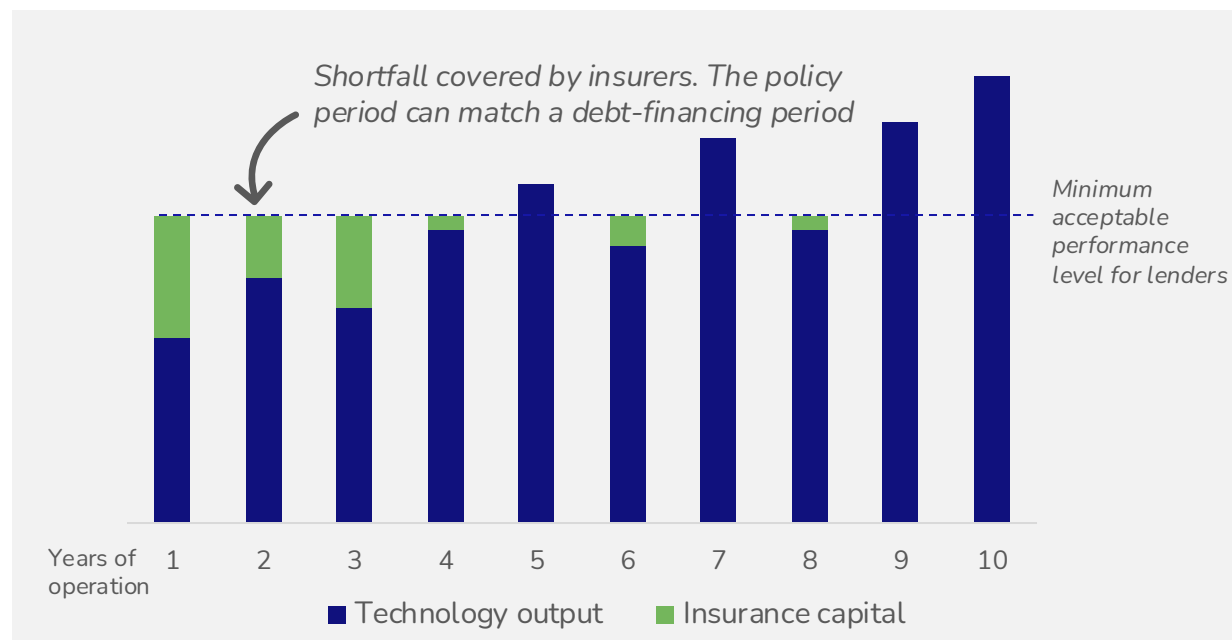
16 potential solutions emerged from the workshop spanning policy, regulation, guarantees & insurance as well as public, private and blended finance solutions

Solution ideas		Description of the solution
9)	Increased flexibility on IP within innovation funding schemes	Changes could be made to the IP arrangements under the current publicly- funded innovation schemes, so they are less rigid and complex. Changes to the consortium-led approach might make it easier for innovators to scale their innovations across markets and networks.
10)	A mechanism to decouple innovation funding from networks	This would require a regulatory change to remove the need to have networks as a partner/decouple networks from the innovation process and focus their role more as the customer/implementor of the innovation. This could be a new licence condition given to a different regulatory body to dispense innovation funding separate from the networks.
11)	Setting KPIs that are output based and drive the correct behaviours from networks	Alongside the creation of policy to set the direction of transformation or define outcomes that the industry needs to deliver, KPIs would be created within the regulatory framework to incentivise the network operators to deliver these outcomes. This could also mandate networks to procure the innovation once it has been proven if it aligns with the targeted outcomes.
12)	An output-based performance framework on a longer timeframe	A longer-term, outcomes-based performance framework for network innovation would enable greater investment in proven innovations. Innovation investment could be separated from Totex in the price control and Cost-Benefit Analysis (CBA) allowed to extend over multiple price control periods.
13)	Regulatory reform to develop a less risk-averse environment	A change in both the regulatory framework and the culture within Ofgem and the networks to increase the acceptance of failure within innovation in a style more akin to the US approach to innovation.
14)	Encourage networks to have regulated and non- regulated arms to allow for investment	While this exists in the energy industry, it is more common in other sectors such as water, where the non-regulated arms of the business can generate profit to support operations in the regulated arm. Increased adoption of this by energy networks could lead to an increase in innovation funding.
15)	Mechanisms to support standardisation across networks	Regulatory change could mandate for the adoption of shared standards, encouraging networks to collaborate to deliver these. This may then allow for faster and more efficient rollout of innovations and allow innovators to scale across networks.
16)	Policy harmonisation to increase market visibility and drive market growth	Creation of policy that picks outcomes and sets market direction, to empower investors to support solutions that will best achieve the desired outcome. This would also improve market visibility and make it easier for investors to understand the potential returns/size of the market.

Spotlight on scaling technology performance guarantees

A popular solution with workshop and roundtable participants, technology performance guarantees can help mitigate risks and improve investors' perception of the sector. They can also help address market access barriers

- While technology performance guarantees are a relatively novel insurance product, they have already begun to show positive outcomes in supporting emerging and FOAK technologies.
- Public finance could support insurers to offer more attractive rates on technologies that would otherwise be associated with large risk premiums.



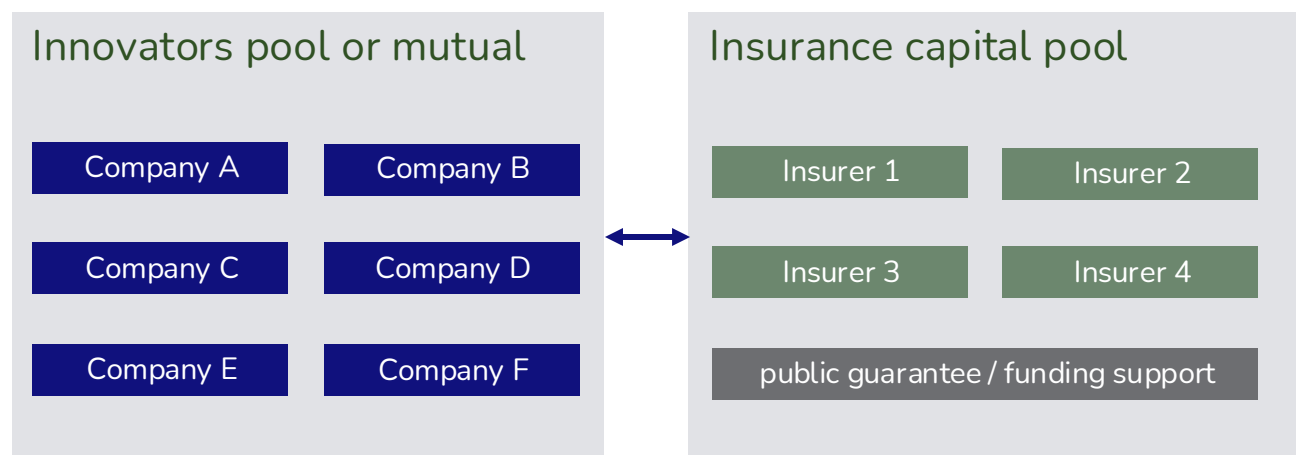
Indicative concept, for illustrative purposes only

Intervention theme	Guarantees & insurance
Organisations / 'archetypes' to deliver	Enablers

Spotlight on scaling risk pooling

Another popular solution is to 'pool' capital from several insurers and public bodies into a fund and use it as insurance capital for innovators. Several innovators can then 'pool' their risks to secure insurance at lower rates by acting as a consortium.

- While risk pools are a well-tested mechanism in the insurance sector, they have not been trialed in the context of innovation funding.
- This model would help spread risk across multiple insurers, reducing the cost of insurance for innovators
- Private investors could become more comfortable backing innovators because some of the risks are shouldered by insurers – which could help bring down the cost of capital for innovators.
- Groups of innovators may also benefit from improved bargaining power and see reduced insurance premiums.



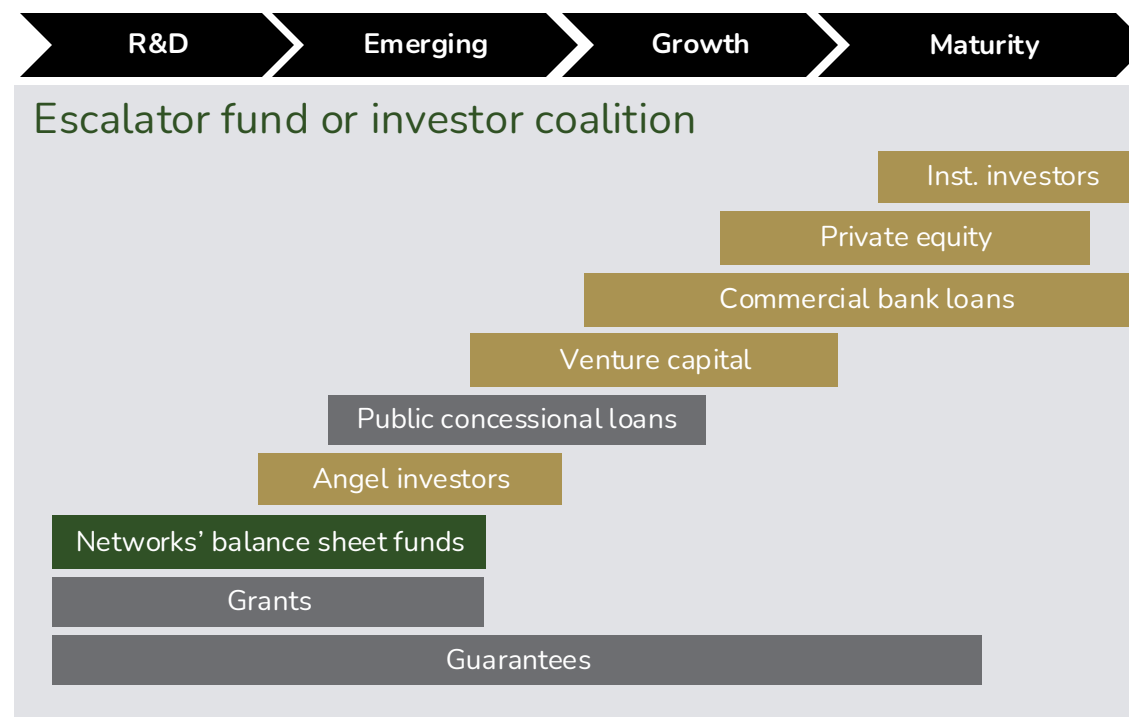
Indicative concept, for illustrative purposes only

Intervention theme	Public capital	Guarantees & insurance
Organisations / 'archetypes' to deliver	Public sector	Enablers

Spotlight on blended finance to bridge the funding gap

A popular solution with workshop and roundtable participants, a blended fund could help with the 'valley of death' that certain IGTs still face – especially in the area of physical solutions

- A blended fund could combine public and private sources of capital to disburse concessional funding (equity and/or loans) to start-ups.
- Innovators could seamlessly access capital as they grow their business and rely on a single source of funding for their innovation journey.
- Individual investors would be able to limit their exposure to innovators across one or two stages of innovation, in line with their own investment strategy.



Indicative concept, for illustrative purposes only

Intervention theme		Other blended finance
Organisations / 'archetypes' to deliver	Public sector	Private finance

Note: in the European context, the EIB's Grids Manufacturing Package could be a vehicle through which to attract blended finance to derisk investments in grid components