

Conclusions

Mirova Energy Transition V Fund

INVEU-ICR-0030-2022 – Sustainable Infrastructure Window

Short description of the financing or investment operation and its objectives

Name of the Promoter/Financial Intermediary	Mirova S.A.
Countries of implementation	EU-27 countries. Main countries targeted include Croatia, Finland, France, Greece, Italy, Poland, Portugal, Spain and Sweden
Implementing partner	EIF

The Fund will pursue an investment strategy focusing on deployment of capex in renewable energy projects. The Fund's investments are also expected to contribute to the modernisation of the transport sector, including the rollout of alternative fuel infrastructure, as well as smart, innovative or resource efficient transport systems. The Fund also aims to contribute to advances in the sector integration between power and transport, supporting long-term sustainable decarbonisation of the EU economy.

The project contributes to EU policy objectives in the development of the energy sector, development of sustainable and safe transport infrastructures and mobility solutions, equipment and innovative technologies, and environment and resources. The Fund's investment strategy will also allow for investments in MEICs (Moderate & Emerging Innovator Countries) as defined under InvestEU.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 8 June 2022 for the above-mentioned operation.

The operation addresses market failures and sub-optimal investment situations linked to the exposure to higher levels of risks in certain sectors, countries or regions beyond levels that private financial actors are able or willing to accept. This is notably the case for projects that entail development or construction risk, projects deploying less mature technologies and projects located in less proven markets.

In addition, the operation aims to support a strategy targeting more innovative technologies (green mobility, storage, green hydrogen, offshore wind) and less mature markets (incl. Eastern Europe) where the significant need for infrastructure investments largely exceeds the amount currently available or investment.

The investment will be in the form of equity, which in turn will allow the Fund to promote equity and quasi-equity investments at the level of each underlying investment, which is an essential element in facilitating the project financing structure of any capital-intensive infrastructure project, in particular projects in their early phase, and in some cases development phase.

Conclusions

In particular, the investment will support new asset creation of mature renewable technologies, as well as new investments towards broader energy transition sectors including biomass/biogas, low carbon heating, energy efficiency, and on an opportunistic basis innovative storage, low carbon mobility and taxonomy aligned hydrogen.

There is an important need for public intervention in support of energy transition and climate change mitigation and adaptation investments. Especially in the greenfield infrastructure segment, additional funding will continue to be required to support greenfield projects which will contribute to national and European Renewable and Climate targets for 2030 and 2050. The Fund furthermore targets more nascent sectors, notably in the area of green mobility, storage and offshore wind. In order to reach such targets, renewable investments need to continuously remain at a high level with significant financing requirements.

Additionally, based on its indicative pipeline, the Fund intends to invest in Eastern Europe, an area typically overlooked by infrastructure funds and where, beyond climate considerations, renewable energy generation has become increasingly important from an energy independence perspective in view of the current geopolitical situation.

The use of the InvestEU guarantee allows the Implementing Partner to invest in the Fund with an amount that is higher than what could be invested otherwise according to the risk limits in place.

The Implementing Partner's commitment would endorse the Fund Manager's expansion towards more innovative technologies and solidify its presence in less mature markets.

The Investment Committee underscored the need to support the investment in the form of equity and welcomed the Implementing Partner's intermediated equity participation.