Productive uses of energy: Rethinking perspectives and drivers for innovation

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How to change contraction

Keynote



Gauri Singh Deputy Director IRENA



Scene Setting



Kavita Rai Senior Programme Officer - Energy Access IRENA



Systemic innovation is key for successful solutions



The Innovation Toolbox is designed to build solutions for rural development through decentralised productive uses



TECHNOLOGY AND INFRASTRUCTURE

- Renewable mini-grids
 Small scale batteries
- Digitalisation
- Smart and autonomous systems
- Energy efficient appliances
- RE based electrification of heating, cooling and cooking
- Electric Vehicles



BUSINESS MODELS AND KEY CHANGE AGENTS

- Key change agents to support renewable development
- Powering a green health and education ecosystem
- RE for agriculture and farming
- Energy community
- Decentralised productive uses
- Peer to peer trading
- Pay as you go
- Crowdfunding and financial funding



MARKET DESIGN AND REGULATION

• Regulation for mini-grids



SYSTEM PLANNING AND OPERATION

 Harmonizing grid and off-grid development



Innovation drivers needed for promoting productive uses of energy

Technology

- Appliance (e.g., adjusted to climate)
- Smart tech integration
- Energy efficient appliances
- *Hybrid systems*

Policy & Institutional

- Integrated cross-sectoral policies (and convergence) & interministerial coordination
- Regulatory reforms
- Standards and quality assurance
- National roadmaps

Financing

- Blended finance (incl.public-private)
- Results based finance
- Carbon finance
- Subsidy innovation

Business Model

- PAYGo for Productive Appliances
- Energy as a Service (EaaS)
- Cooperative/Community Led Ownership

System planning and operation

- Harmonising grid and decentralised systems
- Cross-sectoral technical assistance

Programmatic

- Bundled approaches
- End-to-end value chain design
- Market access and aggregation platform

Social & Gender Inclusivity

- Design for inclusion
- Women-led ownership models

IRENA's Work on Cross-Sectoral (including productive uses)

Empowering Lives and Livelihoods: Renewables for Climate Action

Connect people and improve livelihoods through renewables

Stimulate climate adaptation with mitigation benefits

Catalyse systemic energy transformation of agrifood/health

Improve resilience and productivity in agrifood/health



Cuba, Guinea, The Gambia, Malawi, Mauritania, Nepal, Rwanda, Uganda,Zimbabwe.

Burkina Faso, Mali, Mozambique, Sao Tome and Principe, Zimbabwe



Renewables Across Agriculture Value-Chains



Livelihoods of 2.5bn people dependent on agriculture

30% share of food systems in world's energy consumption

14% of food produced globally is lost between harvest and retail



Malawi: Catalyzing Finance for Renewable-Powered Dairy Sector



Working in partnerships: Agri-energy coalition led by GOGLA



- Encourage agriculture and water sector stakeholders to partner with energy sector stakeholders to promote productive uses of renewable energy
- ii. Demonstrate cross-sector partnerships to governments
- iii. Establish programmatic partnerships between cross-sector stakeholders
- iv. Build a body of evidence



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Panel discussion

Moderator:

Panelists:



Carlos Sordo GOGLA



Ulrich Zimmermann Zimpertec



Matthew Matimbwi Tanzania Renewable Energy Association



Divya Balakrishnan GET.invest/GIZ



Barbara Richard

Energising Development (EnDev) GIZ



Enabling innovation towards growth in productive uses of energy across sectors: differences in global markets



Ulrich Zimmerman Chief Operations Officer Zimpertec



Enabling innovation towards growth in productive uses of energy across sectors: differences in global markets

Energy to Enable Cooling **Integrated Approach**



The DC SHS & LS DC Family

- Through larger plug and play solar home systems, shop owners, families and farmers can improve their standard of living. They get new opportunities in education, security, agriculture, and energy independence.
- The systems are PayGo enabled and use with LFP battery one of the most long-lasting battery solutions.
- Used in Latin America, Africa and ASEAN countries.

Dual Load Output





To **securely run** crucial loads like fridges, the SHS has a dedicated battery capacity. Energy-efficient solar off-grid powered refrigerators and freezers using high quality, durable long-life components.



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Enabling innovation towards growth in productive uses of energy across sectors: differences in global markets



Leveraging the Data for Design and After Sales

Battery Health

With embedded datalogging, it is possible to check battery health over the course of time. If the battery would be an issue after sales, this can easily be identified.

	V mat	V mir		and rife	avg mat	Call V may	Call Ina	Cals V may	Call	celt	Call	Calls
m Number:	M1	M2	M7	M8	M26	M27	M28	M29	M34	M35	M36	M37
Month1	14.2 V	12.9 V	53%	93%	3.56	3.56	3.56	3.56	3.24	3.25	3.23	3.25
Month2	14.2 V	13.0 V	60%	93%	3.56	3.56	3.56	3.56	3.26	3.27	3.24	3.27
Month3	14.2 V	12.9 V	60%	93%	3.56	3.56	3.56	3.56	3.25	3.25	3.23	3.25
Month4	14.2 V	13.0 V	53%	100%	3.56	3.56	3.56	3.56	3.26	3.26	3.24	3.26
Month5	14.2 V	11.0 V	53%	93%	3.56	3.56	3.57	3.56	2.78	2.78	2.79	2.74
Month6	14.2 V	13.0 V	53%	93%	3.56	3.57	3.57	3.56	3.26	3.26	3.24	3.27
Month7	14.2 V	13.0 V	47%	100%	3.56	3.56	3.56	3.56	3.26	3.26	3.25	3.27
Month8	14.2 V	13.0 V	47%	93%	3.56	3.56	3.56	3.56	3.26	3.26	3.25	3.27
Month9	14.2 V	12.9 V	53%	100%	3.56	3.56	3.56	3.56	3.23	3.24	3.22	3.24
Month10	14.2 V	12.9 V	47%	100%	3.56	3.56	3.56	3.56	3.25	3.25	3.24	3.25
Month11	14.2 V	13.0 V	53%	100%	3.56	3.56	3.56	3.56	3.27	3.27	3.25	3.27
Month12	14.2 V	13.0 V	60%	100%	3.56	3.56	3.56	3.56	3.27	3.27	3.25	3.27

Root Cause Identification

Why is an installation not performing well? Maybe additional appliances have been added or a leakage at the fridge occurred, such information can be retrieved from the SHS data.

End-Customer Involvement

Importance of panel positioning and continuous cleaning of panels. Example: Since the panel cleaning, it increased from an average 70% utilization back to 90-110% utilization.





Enabling innovation towards growth in productive uses of energy across sectors: differences in global markets

Energy to Enable Agro-Processing

The LS AC and Agri Processing

Through larger **AC** Plug and Play Solar Home Systems, families and farmers can improve their standard of living. The systems are PayGo enabled and still plug and play, which is currently a big problem for access to these technologies. Used in Africa in first pilots, **big regional dependency on the solution**.







IMPERT

Enabling innovation towards growth in productive uses of energy across sectors: differences in global markets

Call to Action:

- Incentivize reliability over cheapness
- Easier access to finance is needed as the demand for capital is bigger
- Focus on scaling what works



In Rwanda 95% of the endusers using Zimpertec's SHS would recommend the set up to their friend/s. 50% of the refrigerator cost was subsidised by the IFAD Green Technologies to Facilitate Development of Value Chains for Perishable Crops and Animal Products (GreenTech) grant.

India: 80% of the refrigerator cost was subsidised by the LEIA programme with the end-user contribution of 20%

Evaluating Appliance Performance in the Field: Results from Appliance Testing

Efficiency for Access carried out field testing in Kerya, Torzanio, Rwanda, Senegal and India to evaluate the technical performance of solar refrigerators, solar water pursos and solar millking machines.



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IMPERTE

Policy and regulatory enablers to grow the productive use market across sectors



Matthew Matimbwi

Executive Secretary Tanzania Renewable Energy Association



1.0 Policies

Countries should develop policy statements and strategic objectives to drive the productive use of renewable energy in the following sectors.

- i) Energy (electricity, mechanical and heat energy generation)
- ii) Science and technology (Research and development)
- iii) Agriculture (crop protection, irrigation, processing, storage)
- iv) Blue economy (fishing)
- v) Animal husbandry (light, insect-repelling, milking, storage)
- vi) Transport (e-mobility)
- vii) Industries (powering machines)
- viii) Finance (SMEs financing)
- ix) Service industries (Cooling, heating, cooking, food processing)
- x) Water (water pumping and processing)
- xi) Communication (telephone, internet, fund transfers)

Policy and Regulatory Enablers to Grow Productive Use of Energy Across Sectors



Policy and Regulatory Enablers to Grow Productive Use of Energy Across Sectors

2.0 Regulatory Environment

Governments should develop and enforce enabling regulatory frameworks in the following areas:

- i) Incentives on the productive use of renewable energy solutions (technology and finance)
- ii) Technology transfers
- iii) Emerging technological solutions (green hydrogen, e-mobility, agricultural cooling)
- iv) Public use research environment (rules and guidelines that govern the use

of public data for research purposes)

Financing productive uses taking consumer interests and needs: how can we innovate to bring profitability?



Divya Balakrishnan

Senior Advisor GET.invest GIZ







Insights from the field Main challenges

- Financing tickets (small and segmented)
- Local debt (limited appetite)
- FX mismatches (high and compounded risks)
- Ability to pay and margins (limited, albeit high demand)
- PuE treated as ancillary, set to fail
 - Falls through financing and policy strategy gaps
 - Downscaling appraisal & underwriting principles of C&I/IPP are applied to PuE
- On the project developer's side,
 - Low utilization rate (~50%)
 - Business Model not always well structured
 - Fine-tuning of financial viability of systems required







Innovative Approaches to Scale PuE

CORE SERVICES	Business Development Support	Investment Strategy Support	Structuring Support	Financial Modelling	Finance Access Support	Transaction Support	Post- Investment Support
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Advisory Approaches:

- Build long-term strategic partnerships (farmer associations, cooperatives etc.) to improve financier confidence
- Lower end user up-front costs (leasing, PAYG etc.)

Financing approaches:

- Engage with local banks and MFIs for end-customer financing (asset facility from LFIs or MFIs)
- Access concessional loans and/or investment grants
- Help hardware suppliers access capital to provide

supplier financing

- Harness crowdfunding more efficiently
- Structure risk sharing between product manufacturers and distributors
- Improve local currency debt capacity, along with FX hedging tailored to PuE businesses
- Structure first loss/loss diminishing instruments for PuE lenders
- Securitise receivables and finance against this security

Specific Opportunities to Strengthen Finance for PuE

For Financiers

- Urgent early-stage equity injection required
- Facilitate long-term working capital aligned to inventory cycles
- Strengthen end-user financing capacity
 - Enable innovative sales models (PAYG/lease-to-own etc.)
 - Engage as specialised intermediaries (MFIs)
 - More PuE specific crowd funding aligned to PuE business challenges (CAPEX, utilization rate etc.) required

**** GET.invest Mobilising Renewable Energy Investments

For Donors

- Build domestic financial institutions' capacity to lend locally
- Support innovative financing models to strengthen capital structure
 - Asset pool securitisation
 - Revenue sharing asset finance
 - De-risking equity funds
- Enable more grant funding (repayable & nonrepayable) to enable sector growth/maturity.

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Innovations and experiences on PUE What have we learnt over the past decade and what more could we do?



Barbara Richard Team Leader Energising Development (EnDev) GIZ



Energising Development & Productive Use of Energy



micro, small and medium-sized enterprises benefit from productive uses of energy

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EnDev & PUE

Strategy

Fostering the PUE is an integral pillar combining in an integrated approach access for households, for MSMEs and social institutions.

Bottom-up approach

While strategic orientation is given on portfolio level, interventions are planned with key stakeholders on country level to ensure alignment with national political priorities, acknowledge different market development stages and address the specific needs of the population.

Impact and sustainability

- Energy as an enabler for local economic development (income and jobs)
- MSMEs as reliable "able to pay" customers for private sector energy companies and local banks/MFIs



Additionality	Integrated appro	Product diversity		
Targeting specific groups	Value chain approach	PUE as one element in broader approach	Focus on supply side & technology	
 (Woman-led) MSMEs Communities/villages Smallholder farmers 	AgricultureAquacultureOther	 Energy access projects RBF programs 	 R&D grants Quality assurance Product catalogues 	

Needs to be complemented by:

- Improving the enabling environment
- Ensuring access to finance for target groups
- Reducing risk to attract investors and financiers



Challenge of high diversification of:

- Target groups
- Value chains
- PUE appliances



More Information

• <u>Website</u>

endev.info/productive-use-of-energy

• LinkedIn

@Energising Development (EnDev)







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Closing remarks



Kavita Rai Senior Programme Officer - Energy Access IRENA



IRENA INNOVATION WEEK²⁹

Renewables and Digitalisation for a Sustainable Energy Future

Thank you!





Reception at the City Hall



