

# Smart Financing possibilities for energy efficiency and renewables

## CA-RES/CA EED/CA EPBD Joint Workshop

Dinis Rodrigues

Barcelona, January 2020

# European investment Bank – An overview

- EIB is based in Luxembourg and **owned by the 28 EU Member States**
- EIB is the **EU's long-term lending institution** – a public bank with objectives **driven by EU-policies** with priorities to promote European economic development and integration
- 4 **key areas**: innovation, SME, infrastructure, climate/environment
- EIB's **financing activity** was **72bn EUR** in 2019, thereof 16.5 bn EUR for environment
- EIB **finances itself** mainly **through bond issuance** on international capital markets
- **Core activities** include **lending, blending and advisory**



# 4 Public Policy Goals plus 2 cross-cutting objectives: 2019

**Innovation&Skills**



• € 14.4bn

**Environment**

A safe and healthy environment



• € 16.5bn

**Infrastructure**



• € 15.7bn

**SME finance**

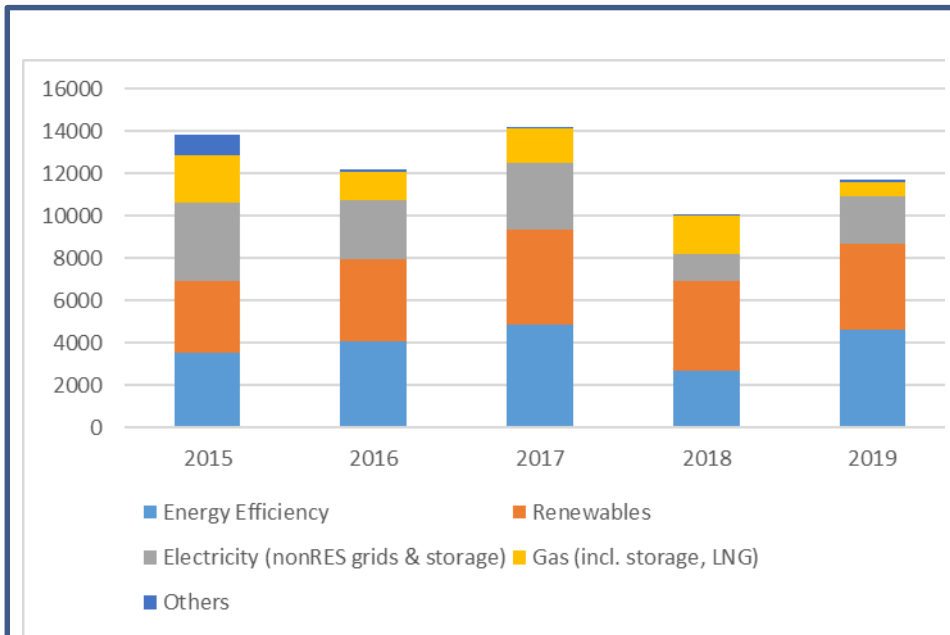


• € 25.5bn

EIB Cross-cutting objectives:  
**Climate Action and Cohesion**

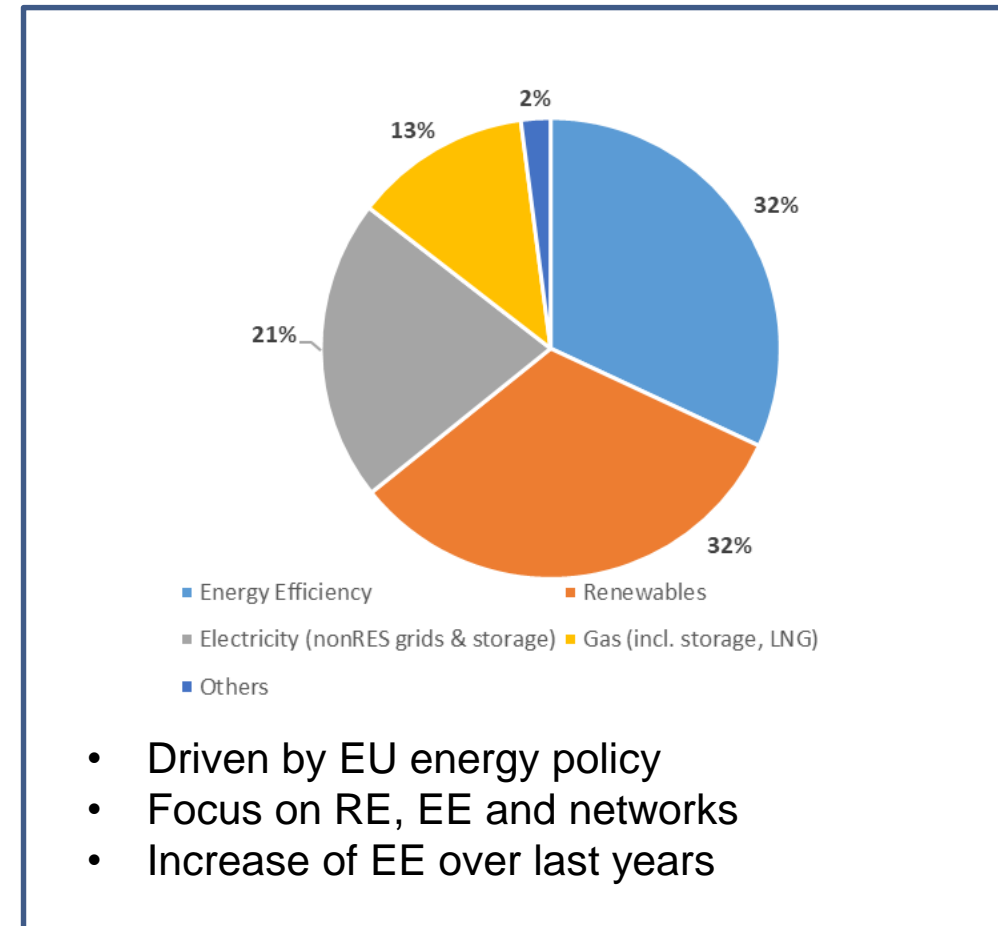
# EIB lending to the energy sector

## Overall Energy Signatures (EUR bn)



- EUR 12.4bn per year (2015-2018)
- EE+RES represents 64% of energy lending

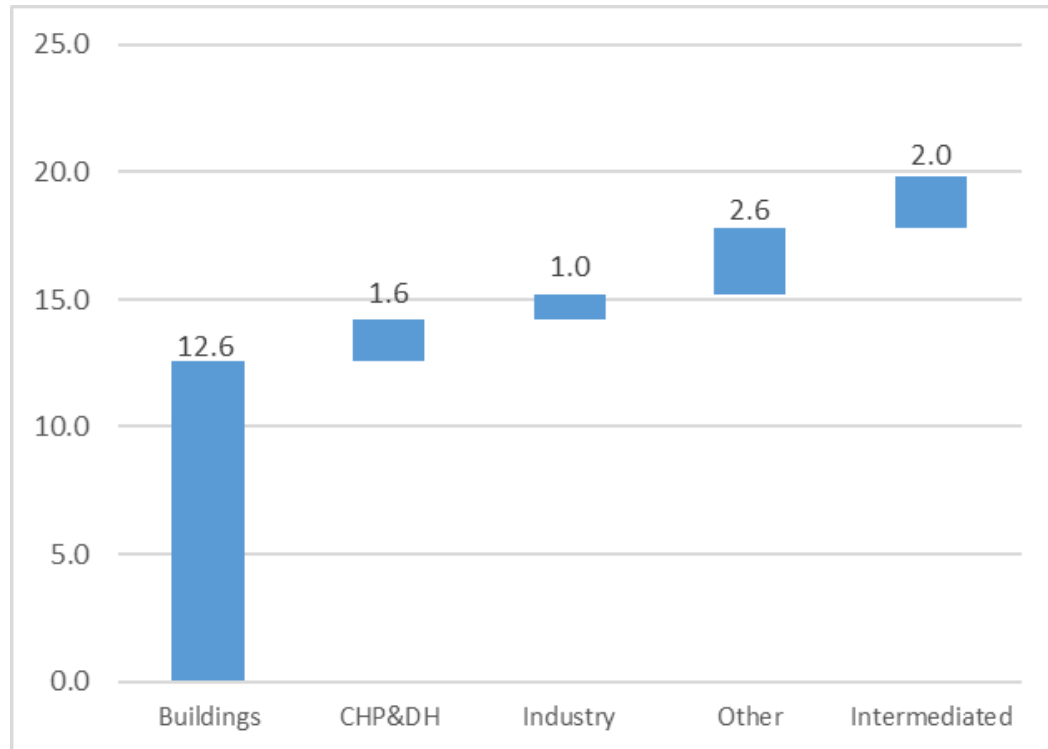
## Breakdown by sectors (2015-2019)



- Driven by EU energy policy
- Focus on RE, EE and networks
- Increase of EE over last years

# EIB lending to the energy sector: Energy Efficiency

**EIB Lending (2015-2019)**

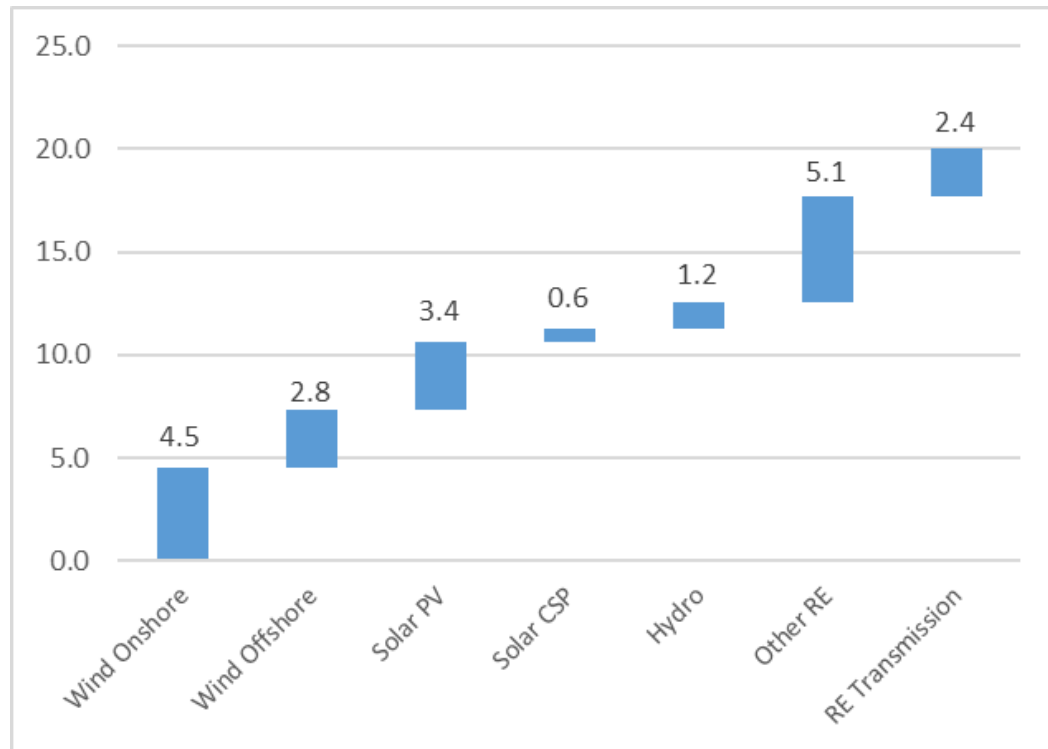


## Priority areas

- Strong focus on building rehabilitation
- Co-financing alongside ERDF and CF possible
- Public sector building rehabilitation including programmes through ESCOS
- Availability of Technical Assistance under ELENA facility to support the implementation of large investment programmes
- Aggregation as well possible through intermediation with public and private FI's
- In addition, focus on DH but as well EE in SME and MidCaps

# EIB lending to the energy sector: Renewables

## EIB Lending (2015-2019)



## Priority areas

- Renewable Energy at the core of EIB's energy activities over the last 10 years
- Experience across all RE technologies including emerging and innovative ones
- Experience across all the EU Member States and in the various RE policy schemes
- Support to small scale RE applications, heat generation from RE and low carbon CHPs
- Possibility to provide ad-hoc technical advice to projects and authorities
- Support to innovative low carbon technologies through specific financial products and technical advisory (Innovfin EDP)
- Looking ahead, focus on RE will even increase driven by support to market integration

# ELP in a nutshell

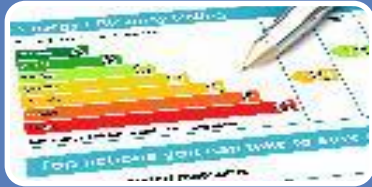
- Phasing-out fossil fuels
- Focusing on energy efficiency and decarbonisation
- Engagement with Member States and clients

# Increased Climate Ambition: the EU Climate Bank

- Growing sustainable finance from billions to trillions. By working with our public and private partners the **EIB Group will help unlock at least EUR 1 trillion of investment for climate action & environmental sustainability (CA&ES) in the critical decade 2021-30.** This will include a marked increase in support for climate adaptation and resilience.
- Increasing EIB's own financing for climate action and environmental sustainability (CA&ES). **EIB to be more ambitious and reach 50% for CA&ES by 2025.**
- **Aligning all the EIB Group's financing activities** with the principles and goals of the Paris agreement by the end of 2020.



# ELP in a nutshell



Unlocking energy efficiency



Decarbonising energy supply



Supporting innovative technologies and new types of energy infrastructure



Securing the enabling infrastructure

# Unlocking energy efficiency

## Key priorities:

- Energy efficiency first principle
- Financing up to 75% of costs
- Focus on building rehabilitation and SMEs
  - New European Initiative for Building Renovation (EIB-R)
  - Development of new sources, e.g. mortgage-based lending
  - Tailored support to remove technical and financial barriers

# Decarbonising energy supply

## Key priorities:

- All low carbon technologies are eligible
- Financing up to 75% of costs for “high policy value” projects where the EIB involvement accelerates project implementation
- Support market integration of renewables
- Technologies at early stage of deployment
- Low carbon gases (e.g. biogas, hydrogen)

# Phasing out fossil fuels

- EIB will phase out energy projects that depend on fossil fuels
- Transition measures by end 2021
  - Projects already under appraisal
  - Gas projects in the 4<sup>th</sup> list of PCIs
- EIB will continue to support
  - Low carbon gases (hydrogen, biogas, and gas networks planned for that)
  - Power generation below 250 gCO<sub>2</sub>/ kWh

# How EIB can assist: Lending, Blending, Advising

## Loans/Funds

- Investment Loans (direct)
- Intermediated Loans, Promote Aggregation. Small and medium-scale projects (particularly to SMEs) via national and regional intermediary banks. Lending decision remains with the financial intermediary
- Investment Funds
- European Fund for Strategic Investment (EFSI)
- Dedicated schemes such as Private Finance for Energy Efficiency (PF4EE), Smart Finance for Smart Buildings (SFSB)
- Blending with ESIF

## Technical Assistance / Advisory Services typically upstream, with or without links to operations.

- ELENA (European Local Energy Assistance)
- JASPERS (Joint Assistance to Support Projects in European Regions)
- FIA (Financial Instruments Advisory)
- EIAH (European Investment Advisory Hub)

# Examples of EIB EE&RES operations: Private Sector

**Counterpart:** SONAE MC (PT)

**EIB finance:** EUR 55m

**Signature date:** 21/12/2018

**Description:** The project concerns the investment programme of Sonae to implement a sustainability project in supermarkets, focusing the following areas: (i) Energy; (ii) Water; (iii) Food waste reduction and recovery; and (iv) environmental performance.

**Objectives:** The proposed project targets the following improvement areas in supermarkets located all over Portugal: i) energy management, ii) energy efficiency, iii) renewable energy, iv) electric vehicles charging points, v) water management, vi) waste management and vii) environmental protection.

**Impacts:**

- Energy savings: 34.5 GWh.y
- RES production: 25.6 GWh.y
- CO<sub>2</sub> savings: 26,283 t CO<sub>2</sub> eq.y

# Examples of EIB EE&RES operations: Public Sector

**Counterpart:** Province of Limburg (NL)

**EIB finance:** EUR 75m

**Signature date:** 14/01/2019

**Description:** The operation is related to an investment loan to the province of Limburg, in order to co-finance Duurzaam Thuis, a debt fund, established by the Province of Limburg, which will on-lend to homeowners and tenants to implement energy efficiency and renewable energy measures in the residential sector

**Objectives:** The purpose of this project is to make funding available to support housing stock energy-efficiency renovation in Limburg's region, in the Netherlands. These so-called sustainability loans aim to increase the sustainability of houses located in the province of Limburg having as target groups individual homeowners and tenants. The project objectives include, inter alia, the promotion of energy efficiency and renewable in residential buildings (building integrated renewables).

**Impacts:**

- Energy savings: 6,4 GWh.y
- RES production: 107 GWh.y
- CO<sub>2</sub> savings: 50,341 t CO<sub>2</sub> eq.y

# Examples of ELENA TA: Public Sector

**F. Beneficiary:** Province of Limburg

**Amount:** EUR 3.4m

**Investment:** EUR 120m

**Timeframe:** 04/2019 to 03/2022

**T. Assistance:** ELENA will be used to encourage more households to invest in energy efficiency improvements in their homes and to promote measures to reach an average of a B level rating. The new applications with higher energy efficiency components will require more work and personalized assistance.

The ELENA grant will be used to hire full-time staff and to contract external experts, to provide: i) Energy Performance Advisors, ii) Information and awareness activities, including energy coaches for targeted sessions, iii) An ELENA Process manager, iv) An Investment coordinator, and v) Financial, tax and legal advice

**Inv. Programme:** The Province is requesting ELENA to support the scaling up of an existing fund, which aims at providing homeowners and tenants with loans for PV panel installations and energy efficiency measures throughout the Province of Limburg.



# Examples of EIB RES operations: Private Sector

- Counterpart:** WINDPLUS, S.A., a company controlled by EDP Group, the Portuguese global utility company, and Repsol, the Spanish global oil and gas company
- EIB finance:** EUR 60m
- Signature date:** 18/10/2018
- Description:** The project covers the design, installation, operation and maintenance of a 25 MW floating offshore wind farm about 20km off the coast of Portugal, in 85-100m water depth. The project will comprise 3-4 floating substructures with state-of-the-art wind turbines of the 6-8 MW class from a reputable supplier. The project would also include export cable sections to a fixed sub-sea cable connection that is to be installed and operated by the transmission system operator.
- Objectives:** The development of offshore wind energy supports EU and national targets for renewable energy generation and contributes to security of energy supply and environmental objectives.
- Impacts:**
- RES production: 70 GWh.y
  - CO<sub>2</sub> savings: 38,000 t CO<sub>2</sub> eq.y

# Technical Assistance: ELENA

- Established in 2009 as **E**uropean **L**ocal **E**nergy **A**ssistance
- Based on an agreement between EIB and the European Commission
  - managed by the EIB
  - financed by the Horizon 2020 Framework Programme for Research & Innovation
- Grant for preparation (not implementation) of investment programmes – up to 90 % of costs (minimum investment EUR 30m, at subsequent implementation stage)
- Beneficiaries can be public/private; however, beneficiary shall not make profit from ELENA
- Three envelopes:
  - Residential,
  - Urban public transport
  - Sustainable Energy
- Eligible sectors: buildings, street and traffic lighting, DH, building integrated renewables, smart grids, electric vehicles
- Nearly EUR 181m awarded to projects supporting approx. EUR 6.6bn investments

# Thank you!

More information at: [www.eib.org](http://www.eib.org)

[info@eib.org](mailto:info@eib.org)

Tel.: +352 4379-22000

[EIB energy lending policy: Supporting the energy transformation](#)