

Support available from the European Investment Bank

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European Investment Bank

*Promoting and Financing Energy Efficiency in Ireland and the
United Kingdom*

Dublin

28 September 2017

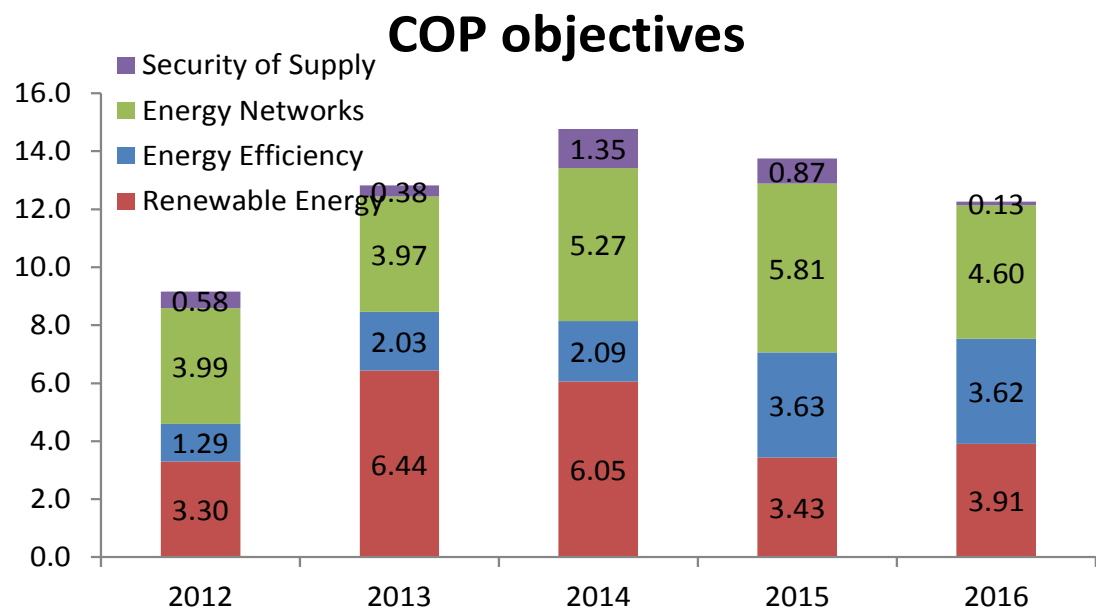
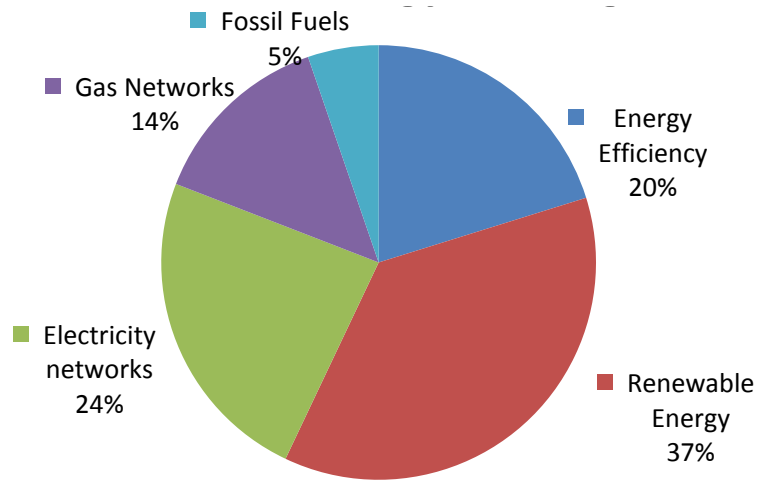
The EIB - the EU bank



- Natural financing partner for the EU institutions since 1958
- Around 90% of lending is within the EU
- Shareholders: 28 EU Member States
- Lending volume 2016: signed EUR 74.5 bn

Investing in Europe's growth

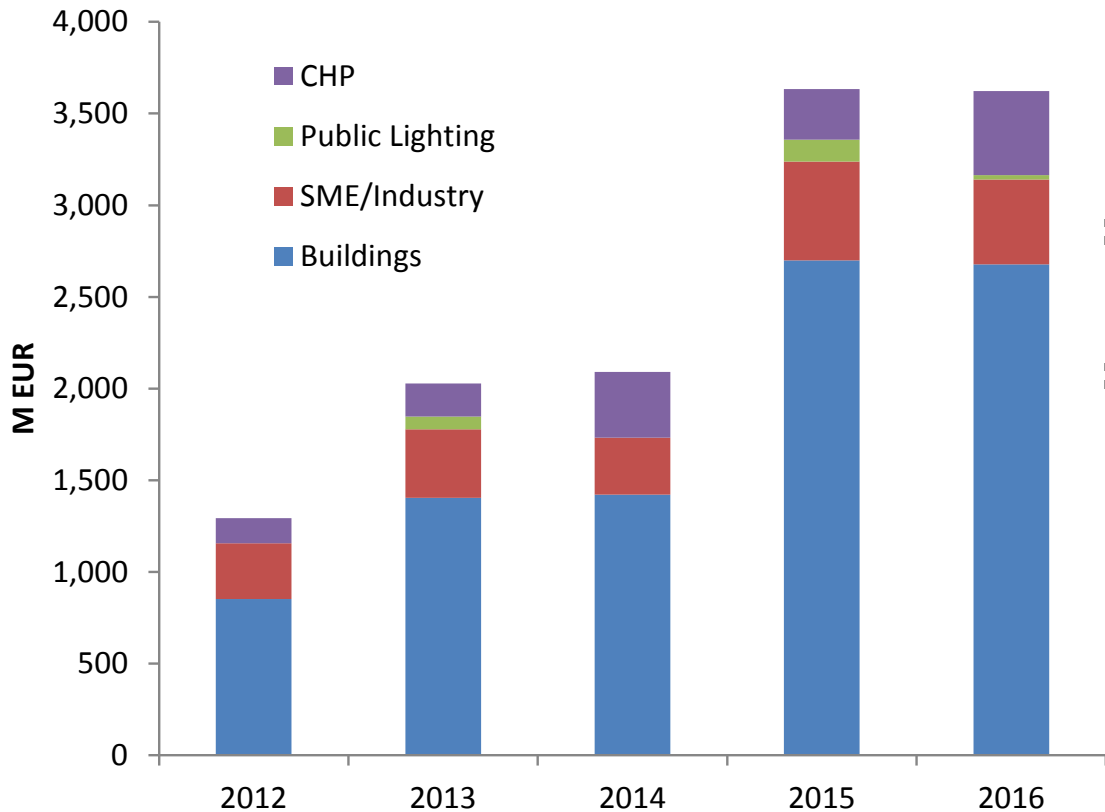
EIB Energy Lending 2012-2016



- Signatures 2012-2016: EUR 62.7 bn
- In Renewable Energy, Energy Networks, Security of Supply and Energy Efficiency

EIB EE Lending 2012-2016

EE Lending Breakdown per year



- Overall EE-lending increased by 3x since 2012
- 75% of EE-lending volume to Buildings

Needs and challenges of EE investments

- Poor **information**
- High transaction costs: **fragmentation** EE projects are combinations of multiple small size sub-projects
- **Split incentives** (e.g. tenants gain from lower bills while landlords pay for investment)
- **Subsidised** tariffs, reducing incentives to invest.
- Poor incentives for local banks to expand into a relatively new area of lending (**capital constraints**)
- Public authorities lack of **technical capacity**, incentives and frequently balance sheet to implement EE programs

EIB products available

| LENDING | BLENDING | ADVISING |
|--|---|--|
| <ul style="list-style-type: none"> ▪ Long term debt ▪ Subordinated loans ▪ Project finance ▪ Equity type ▪ Guarantee ▪ Securitisation ▪ Venture capital ▪ Growth finance <p>Specific tools:</p> <ul style="list-style-type: none"> ▪ PF4EE ▪ EFSI | <ul style="list-style-type: none"> ➤ Combining EIB finance with EU budget ➤ (Project Bond Initiative) ➤ Higher risk projects for innovation (InnovFin) | <ul style="list-style-type: none"> ✓ EIAH (European Investment Advisory Hub) ✓ ELENA (European Local Energy Assistance) ✓ FI - Compass ✓ JASPERS (Structural Funds assistance) ✓ EPEC (Support for public/private partnerships) |

Attracting FUNDING for long-term growth

Investment Plan for Europe

Investment Plan for Europe

Mobilise EUR 315bn of additional financing

...through the European Fund for Strategic Investments (EFSI)

Support investment in the real economy

...through the **European Investment Advisory Hub** and the European Investment Project Portal

Create an investment friendly environment

...through improvements of the European regulatory environment

What is the Advisory Hub (EIAH)?



A **joint initiative**

A tool to strengthen Europe's investment environment and improve the **quality** of investment projects



A **single access point** to a comprehensive offer of advisory and technical assistance services



An instrument to assess and **address** unmet **needs** for advisory support



A **cooperation platform** to leverage and exchange expertise (National Points of Information, Managing Authorities for structural funds)

Purpose of Advisory Hub

Support for projects and investments

Advisory and technical support in identification, prioritisation, preparation, structuring and implementation of investment projects

Enhance use of EU funds

Advisory and capacity building support in the implementation of ESIF financial instruments

Improve access to finance

Enhancing financing conditions and creating bankable propositions

ELENA in short

European Local Energy Assistance

- EC-EIB cooperation to support public authorities and private entities to reach 20-20-20 targets
- Technical Assistance facility: managed by EIB; funded by EU budget (H2020 Programme)
- Project development support for energy efficiency; building integrated renewables; clean urban transport
- Market replication focus (min. investment EUR 30 m)
- Investment leverage required (ratio 20 for sustainable energy; 10 for clean urban transport; claw back possibility)
- 90% funding rate (grant)
- Budget allocation: still available; average EUR 15m per year
- First come, first served rule

European Local Energy Assistance - ELENA

ELENA *Technical Assistance*

Support for
local or regional entities for :

- **Additional personnel**
- **Technical studies**
- **Preparation of calls for tender**
- **Financial structuring**

INVESTMENT PROGRAMME EE and RE

in public and private buildings;
public lighting and traffic light network;
photovoltaics,
heating/cooling systems;

Efficient urban transport

clean and energy-efficient road transport vehicles,
trams, trolleybuses, metros, and trains;
investments to improve public transport;

Local energy facilities that support EE/RE

smart grids;
infrastructure for recharging electrically
powered vehicles;
information and communications technologies.

Eligible promoters/Final Beneficiaries/Costs

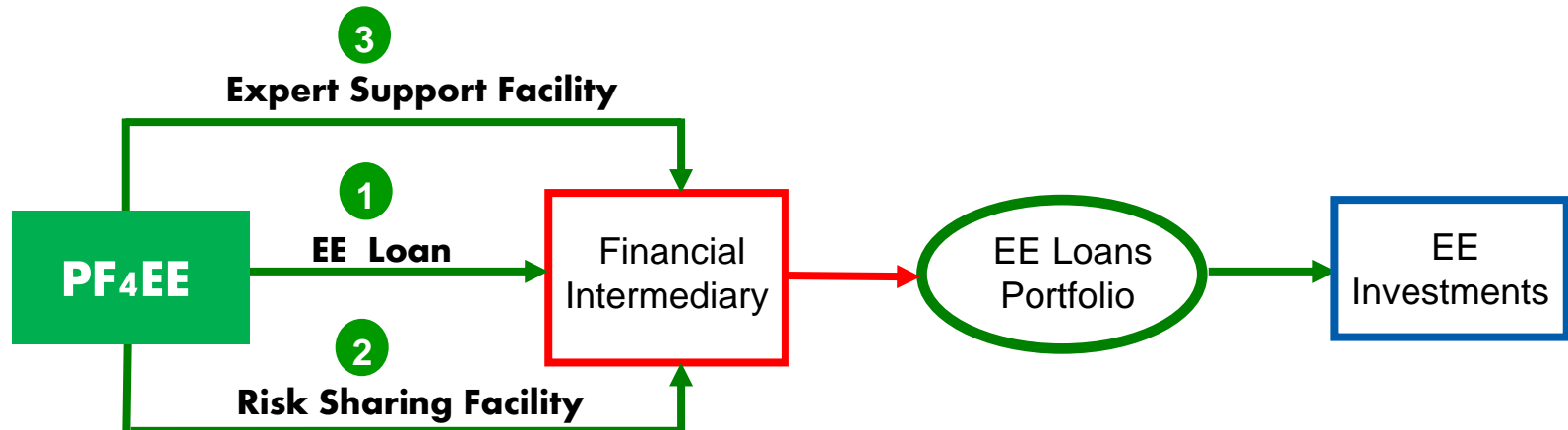
- **Final beneficiaries of project development services:**
 - Local, regional, national public authority
 - Other public body or groupings of such bodies
 - Private entities
- **Implementation of Investment Programme:**
 - Public and private bodies (not necessarily ELENA beneficiary)
- **Eligible costs:**
 - Additional staff hired for ELENA TA by beneficiary
 - External experts and services

Private Financing For EE (PF4EE)

Supported by European Commission

3 components

- A loan to the financial intermediary to be on-lent for financing of energy efficiency investments (“**EE Loan**”)
- A risk mitigation mechanism, which covers losses incurred in the portfolio of EE loans granted by the financial intermediary to on-lend the EE Loan (“**Risk Sharing Facility**”)
- Consultancy services aiming at supporting the financial intermediary to create the abovementioned EE loans portfolio (“**Expert Support Facility**”)



Progress of PF4EE

Over **25 active discussions** with intermediaries that have expressed their interest

12 applications received

| | |
|---------------------------------------|----------------------|
| Czech Rep (KB and Ceska) | Belgium (Belfius) |
| Spain (Santander) | Croatia (ZABA) |
| France (Cred. Cooper.) | Portugal (Banco BPI) |
| Greece (Attica Bank and Piraeus Bank) | Cyprus (CCB) |
| | Italy (BPER) |
| | UK (BNP Paribas) |

1 formal expression of interest

Bulgaria (CIBANK)



What is fi – compass?

- fi-compass unique platform for advisory services:
 - financial instruments under the European Structural and Investment funds (ESIF) and
 - microfinance under the Programme for Employment and Social Innovation (EaSI)
- fi-compass is designed to support
 - ESIF managing authorities,
 - EaSI microfinance providers and other interested parties
- fi-compass provides
 - practical know-how
 - learning tools on financial instruments
 - “how-to” manuals, factsheets for quick reference, e-learning modules, face-to-face training seminars and networking events
- fi-compass is provided by the European Commission in partnership with the European Investment Bank
- <https://www.fi-compass.eu/>

Project example: EFSI and ELENA

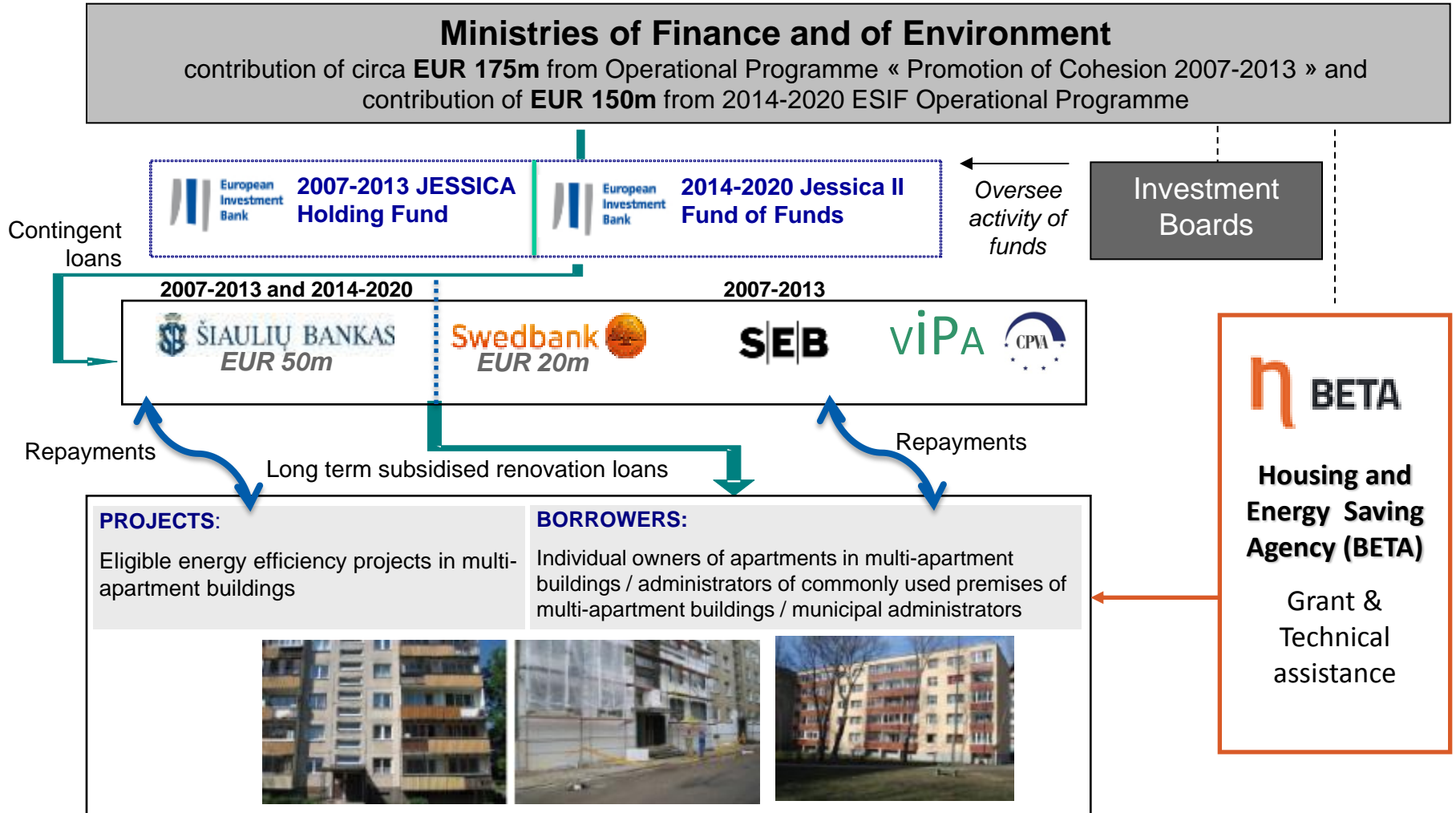
PICARDIE REGION “Picardie Pass Rénovation”

- Picardie Region received a loan of EUR 25 million and also has an ongoing ELENA technical assistance programme
- The works mainly consist of improving the insulation of the private housing - renovation of the buildings' heat generation and distribution system, including ventilation systems, small scale wood-fired boilers or solar thermal collectors
- ELENA supports dedicated service to assist homeowners in the implementation of EE measures with initial advice, energy audit, defining the optimal set of EE measures and setting up of financing through the service (one stop shop)
- As of December 2016, 290 ongoing building sites provide work to more than 400 local craftsmen and companies with EUR 26.3m.
- Elena grant budget: EUR 1.8m for additional staff and external expertise and support



http://www.eib.org/attachments/documents/picardie_pass_renovation_factsheet_en.pdf

ESIF – EFSI project: Lithuanian case study



- ❖ Investment areas: e.g. EE in public and private buildings, efficient cogeneration + district heating, decentralised RE, clean urban transport, modernisation of infra-structure like street lighting or smart grids;
- ❖ Project CAPEX: ~ 5 till 25 mEUR
- ❖ Beneficiaries: local/regional public authorities and public bodies, PPP, ESCO or SPV are possible
- ❖ Financing in form of: i.a. loans, guarantees, forfeiting schemes (to finance ESCO projects), equity shares
- ❖ Fund manager: Deutsche Bank; (www.eeef.eu)
- ❖ Project examples:
 - ❖ Biomass cogeneration plant supplying a DH network in Renne FR,
 - ❖ Public building refurbishment in Rhône-Alpes, FR
 - ❖ Street lighting in Venlo, NL

Summary

- Energy efficiency investments are a priority for EIB
- Technical Assistance is still available to develop large scale EE programmes (e.g. ELENA and European Investment Advisory Hub)
- EIB financing is available for larger and smaller projects
- Further targeted financial products are under development (see EFSI and investment platforms)
- Significant non-technical barriers still exist
 - Standardisation including “deep refurbishment”
 - Financial performance of EE investments
 - Recognising “negative money flows” = cost savings
 - Investment decision path paved with “obstacles”

Thank you for your attention

Further information

EIB www.eib.org

Advisory Hub www.eib.org/eiah

ELENA facility www.eib.org/elena

fi - compass www.fi-compass.eu