



# **BPI EXPERIENCE ON ENERGY EFFICIENCY FINANCING**

**REGIONAL CONFERENCE ON FINANCING ENERGY  
EFFICIENCY IN SPAIN AND PORTUGAL**

**MADRID, 15<sup>TH</sup> JUNE 2017**

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- 2. BPI'S EXPERIENCE ON ENERGY PROJECTS**
- 3. BPI/EIB ENERGY EFFICENCY CREDIT LINE**
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# 1. WHO IS BPI

- **1<sup>st</sup> Portuguese private bank** (1985, following Portuguese market liberalization)
- **Fifth largest bank in Portugal (considering assets); Assets of 33 Bi.€**
- **Solid market shares: 9,0% in lending activity and 10,5% in customer funds**
- **Market leader in customer satisfaction**
- **2.0 Million Clients**
- **Distribution network comprising currently 535 branches**
- **Main shareholders :**
  - ✓ CaixaBank, SA: 84,51%
  - ✓ Allianz SE: 8,425%



## 2. BPT'S EXPERIENCE ON ENERGY PROJECTS

- **Wide, but predominantly in energy production:**
  - ✓ Solar farms
  - ✓ Wind farms
  - ✓ Mini-hydro plants
  - ✓ Hydro-electric power plants
  - ✓ Biomass schemes
  - ✓ Combined-cycle gas turbines power plants (CCGT)
  - ✓ Coal-based electricity generation power plants
  
- **On energy efficiency:**
  - ✓ **Commercial protocol established with the utility company EDP (Energias de Portugal), under the initiative "Save to Compete"**
    - ❖ Program to support the implementation of EE projects in companies
  
  - ✓ **JESSICA initiative urban regeneration projects:**
    - ✓ Investments usually include some EE components, although not completely segregated from the rest of the investments
  
  - ✓ **Decentralised renewable energy production projects (solar)**

### 3. BPI/EIB ENERGY EFFICIENCY CREDIT LINE

- **But we are now broadening our activity in energy efficiency....**
  - ✓ On the 22<sup>nd</sup> December 2016, **BPI signed an agreement with EIB under the PF4EE instrument** (*Private Finance for Energy Efficiency*)
  - ✓ **PF4EE is a joint initiative between the EIB and the European Commission** which aims to address the limited access to adequate and affordable commercial financing for energy efficiency investments
  - ✓ The agreement signed between BPI and EIB is the **1<sup>st</sup> signed in Portugal** under PF4EE and **one of the 10 pilot agreements to be signed in Europe.**
  - ✓ BPI is now the **exclusive financial intermediary** in Portugal to distribute this credit line



**BPI/EIB ENERGY EFFICIENCY CREDIT LINE**  
**50 M€ funding + portfolio collateral**

# 3. BPI/EIB ENERGY EFFICIENCY CREDIT LINE

## **BENEFICIARIES:**

- Companies established and operating in Portugal
- With Internal Credit Rating determined by BPI
- Not associated with excluded sectors/activities (e.g. banks, insurance companies and other financial institutions, financial holding companies, arms and ammunition, tobacco, waste incineration, gambling)

## **ELIGIBLE PROJECTS:**

- Located in Portugal
- Investment Cost up to 10 M€
- Shall save energy
- Shall apply commercially proven technologies
- Must comply with technical and economic conditions defined by EIB
- Procurement and environmental legislation must be complied with



# 3. BPT/ETB ENERGY EFFICIENCY CREDIT LINE

## INVESTMENTS COMPONENTS:

### ELIGIBLE

- Studies and engineering
- Civil works
- Equipment and installation
- Grid connection
- Technical and price contingencies
- Associated investments (not strictly required for the generation of the energy savings) up to 50% of total investment

### NON ELIGIBLE

- Normal maintenance activity
- Recoverable costs, such as VAT
- Pure financial transactions
- Purchase of land or real-state investment

# 3. BPI/ETB ENERGY EFFICIENCY CREDIT LINE

## SUMMARY OF TECHNICAL CONDITIONS:

✓ Energy efficiency improvement of an **existing building**

✓ **Decentralised renewable energy production**

✓ Renewable energy generation from **biomass**

✓ Energy efficiency in **production facilities**

✓ Improvement of existing **public lighting infrastructure** (through ESCO model)



### 3. BPI/EIB ENERGY EFFICIENCY CREDIT LINE

#### ECONOMIC CONDITIONS:

$$\text{Present Value (Expected Energy Savings)} \geq \text{Investment Cost}$$

- *Expected Energy Savings include avoided CO<sub>2</sub> and NO<sub>x</sub> emissions and a measurement of the contribution to the security of supply (calculated by an EIB tool)*
- *Calculation assumes a 5% discount rate and an operating life of 25 years*
- *Associated Investments are not included in the equation*
- *Not applicable in case of measures identified by energy audits*



# 3. BPI/EIB ENERGY EFFICIENCY CREDIT LINE

## INDICATIVE TERM SHEET

<b>Territorial Scope</b>	<ul style="list-style-type: none"><li>▪ Companies and projects located in Portugal</li></ul>
<b>Product</b>	<ul style="list-style-type: none"><li>▪ Medium to long term loans</li></ul>
<b>Amount</b>	<ul style="list-style-type: none"><li>▪ Min (per project):<ul style="list-style-type: none"><li>✓ 40 m€</li></ul></li><li>▪ Max (per project and company):<ul style="list-style-type: none"><li>✓ 5 M€ in case of SME or building improvements</li><li>✓ 1.125 m€ in all other cases</li></ul></li></ul>
<b>Restrictions</b>	<ul style="list-style-type: none"><li>▪ General rule: up to 75% of investment cost</li><li>▪ If benefitting from EU grants, the amount shall not exceed 70%/90% of the investment cost (non convergence/ convergence regions)</li></ul>
<b>Term</b>	<ul style="list-style-type: none"><li>▪ From 3 to 20 years</li></ul>
<b>Pricing</b>	<ul style="list-style-type: none"><li>▪ Defined on a case by case basis, but lower when compared to BPI common lines</li></ul>
<b>Disbursements</b>	<ul style="list-style-type: none"><li>▪ During grace period; invoices must always be provided; end of disbursement period: 21/12/2019</li></ul>
<b>Reimbursement</b>	<ul style="list-style-type: none"><li>▪ Tailor made, depending on project cash-flow profiles; the last reimbursement must be previous to 31/12/2039</li></ul>

# 3. BPI/EIB ENERGY EFFICIENCY CREDIT LINE

## CLIENT MAIN ADVANTAGES

- ✓ Gain access to **adequate and affordable commercial financing specially designed for energy efficiency investments**
- ✓ **Competitive pricing**
- ✓ **Long maturities:** up to 20 years
- ✓ **The *minimis* rule does not apply**

## 4. FINAL REMARKS

- **BPI is fully committed to place PF4EE's credit line and believes in its success:**
  - ✓ BPI has **extensive experience in managing EIB/EIF products for SMES and Mid-caps.**
  - ✓ BPI has **deep knowledge of the energy market** gained through: financial advisory, structuring and financing of a wide range of important projects in renewables and conventional power plants.
  - ✓ BPI has a very successful experience in managing part of **JESSICA Holding Fund Portugal.**
  - ✓ **BPI has a strong market position and brand recognition in core sectors of the Portuguese economy.**



**THANK YOU!**

[bei.eficiencia.energetica@bancobpi.pt](mailto:bei.eficiencia.energetica@bancobpi.pt)