

EIB Financing and Support to Energy Efficiency

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The EIB - the EU bank



- EU's bank since 1958
- Promote European economic development and integration
- Around 90% of lending is within the EU
- Shareholders: 28 EU Member States
- Lending volumes 2017: EUR 69bn signed

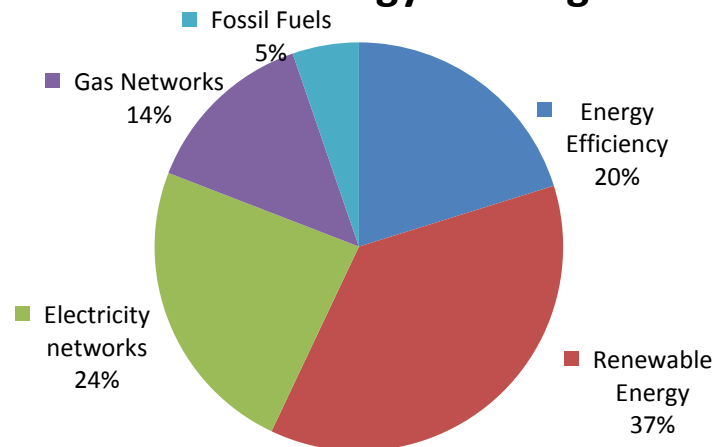
Investing in Europe's growth

EIB Energy Lending

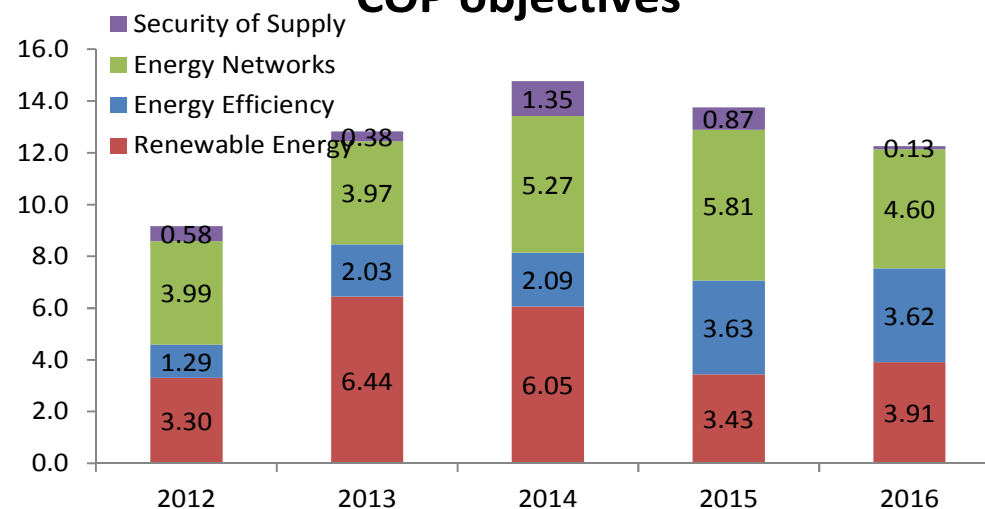
- Signatures 2012-2016: EUR 62.7 billion

Sectors: Renewable Energy, Energy Networks, Security of Supply and Energy Efficiency

Total EIB Energy Lending 2012-2016

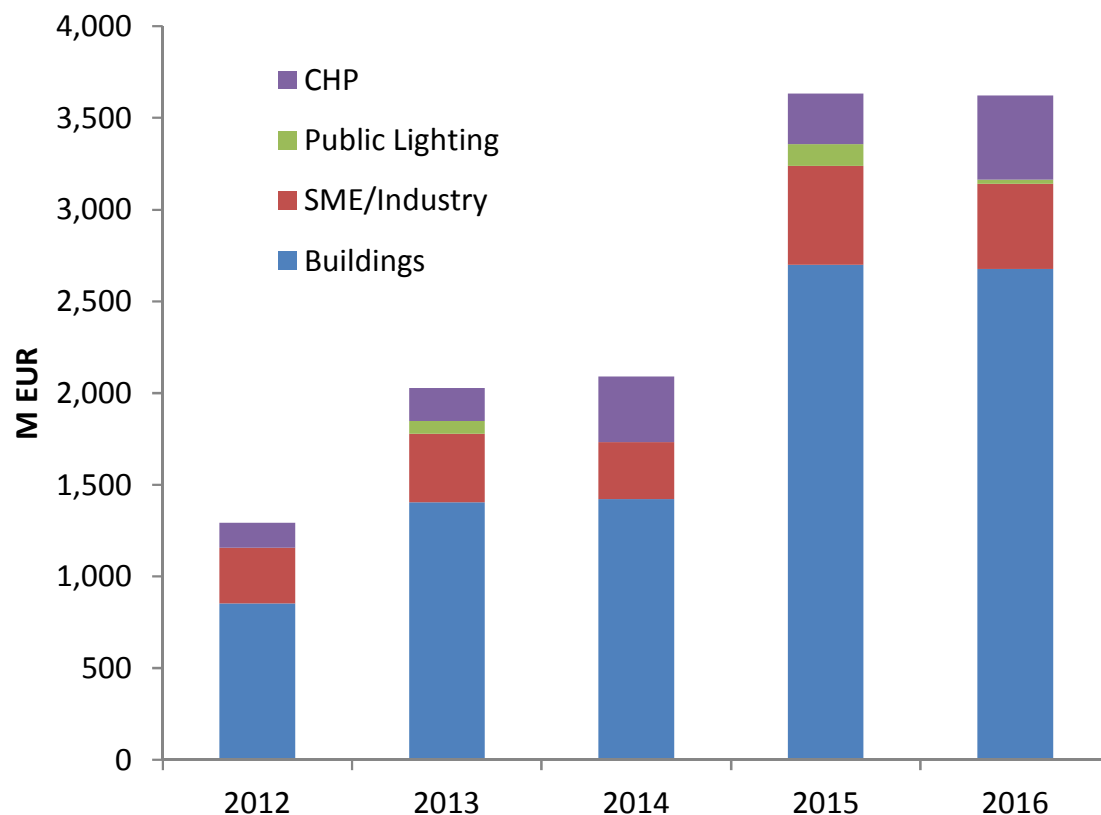


**EIB Energy Lending 2012-2016
COP objectives**



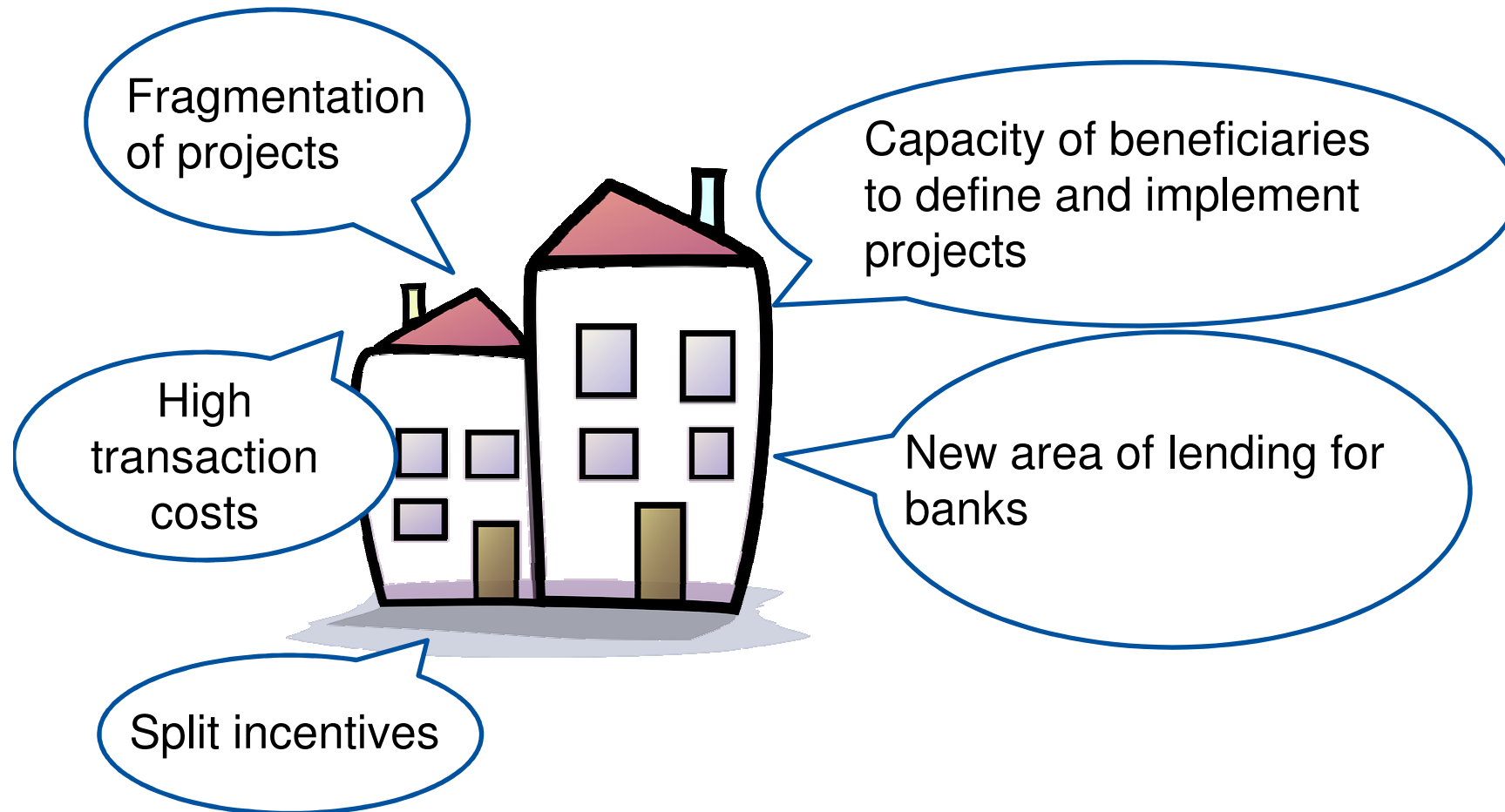
EIB lending to Energy Efficiency

EE Lending Breakdown per year



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

Typical barriers to delivering EE



How EIB can assist: Lending, Blending, Advising

- Loans
 - 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 (e.g EEEF, Marguerite)
- European Fund for Strategic Investment (EFSI)
- Dedicated schemes such as Private Finance for Energy Efficiency (PF4EE), Smart Finance for Smart Buildings (SFBS)
- 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)

Example Intermediated Loan: EE Walloon Social Housing

- EE refurbishment and upgrade of 12,000 - 14,000 flats in social housing in Wallonia BE, including also RE where appropriate Total investment: EUR 400m (EIB co-financing: EUR 200m)
- Partner: regional social housing company supporting local social housing companies
- EE refurbishment level: low energy consumption



Investment Loan – EFSI project

Navarra – NZEB social housing (Spain)

Objective: Promote new building standards (EPBD)



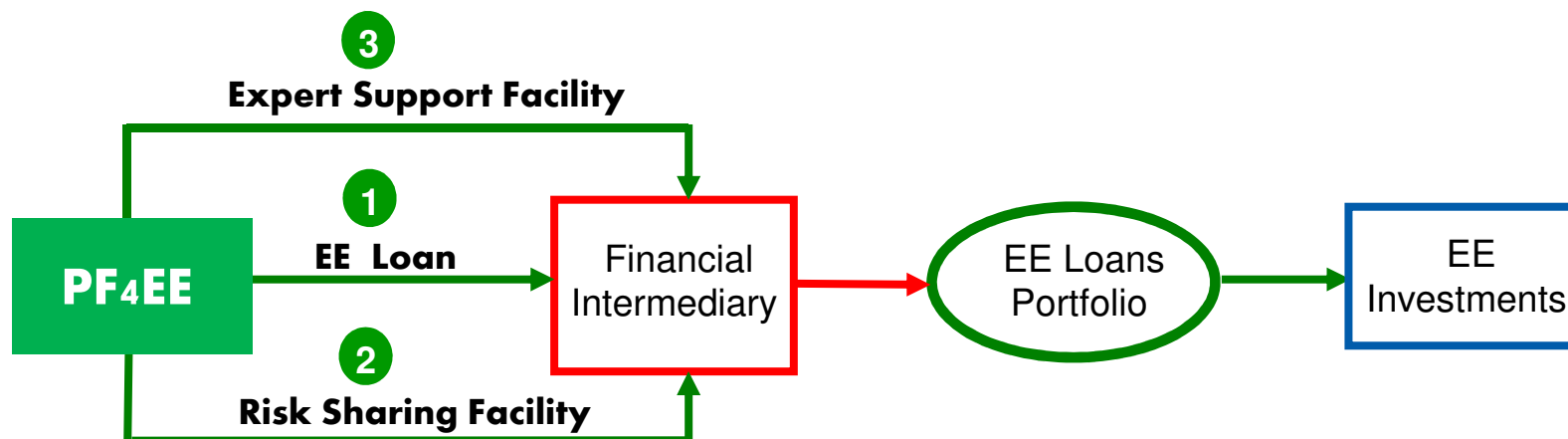
- 524 units with consumption of 20 Kwh/m², (EPC of A, passivhaus)
- Expected energy savings of 2,298.3 MWh/y (75% reduction versus the baseline), corresponding to 748.8 ton/y CO₂ savings
- Levelized cost of the final energy saved (LCOE) by the NZEB buildings is between 64 and 128 €/MWh

Private Finance 4 Energy Efficiency (PF4EE)

Objective: Increase private lending to EE

PF4EE
comprises
three
components

- A loan to the financial intermediary to be on-lent for EE investments (“**EE Loan**”)
- A risk mitigation mechanism, covering losses incurred in the portfolio of EE loans granted by the financial intermediary (“**Risk Sharing Facility**”)
- Technical assistance aiming at supporting the financial intermediary to develop the EE portfolio (“**Expert Support Facility**”)



Private Finance 4 Energy Efficiency (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 expressions of interest

Bulgaria (CIBANK)



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



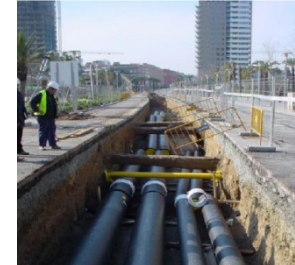
A **cooperation platform** to leverage and exchange expertise (National Points of Information, Managing Authorities for structural funds)

Advisory Hub support includes..

- **Upstream project identification**
Providing guidance in technical feasibility and bankability of future investments, business plans etc
- **Project preparation**
Support to promoter on structuring and preparing bankable projects and designing investment platforms for aggregating projects
- **Project implementation Support**
Project Implementation Units through consultants etc.

What is ELENA?

- EC-EIB cooperation to support public and private bodies to prepare their energy saving investment programmes in order to reach EU 2020 and 2030 energy saving targets.
- Project preparation for energy efficiency measures, building integrated renewables, district heating and clean urban transport
 - Dedicated funds for transport and EE in residential buildings.
- Funds are from the EU's Horizon 2020 Programme and are managed by the EIB



What do ELENA beneficiaries receive?

- ELENA will fund up to 90% of the costs (with 10% provided by applicant)
- Project development services grants for all the activities necessary to develop and mobilise finance for a clearly identified investment programme, including :

feasibility studies, design studies, structuring of programmes, business plans, energy audits, legal/financial advisory, preparation of tendering procedures and contractual arrangements, bundling of smaller projects to form bankable packages, set-up and running of a project implementation unit.

- Allocated on a first come, first served basis
- No calls or competitions



Who can benefit?

Public sector

- Local, regional or national authorities
- Other public bodies (e.g. energy agencies)
- Groupings of such authorities or bodies

Private sector

- Private entities planning to develop eligible investments
- ELENA TA should not have purpose or effect of producing a profit

Eligible investment programmes

Energy efficiency

- EE renovations of public and private buildings
- Street and traffic lighting
- Integration of renewable energy sources into the buildings
- Investments in district heating/cooling networks
- Local energy facilities that support EE/RE (e.g. smart grids)

Urban transport and mobility

- Investments to support the use and the integration of innovative solutions going beyond the current state of art for alternative fuels in urban mobility
- Vehicles, recharging infrastructure, energy-efficient measures and systems

Investment programmes implemented by the final beneficiary or by a third party

ELENA

Eligible costs

ELENA



Internal staff

- Costs of personnel clearly assigned to the project
- Salaries, social security charges and other remuneration-related costs

External experts

- Feasibility design, market studies
- Structuring of programmes, business plans, energy audits
- Legal/financial advisory
- Preparing of tendering procedures
- Bundling of smaller projects to form bankable packages

Technical Support under ELENA

ELENA Technical Assistance

Support for local or regional entities to receive:

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

Investment programme for: EE and RE

- Public and private buildings
- Public lighting and traffic light network
- Photovoltaics
- Heating/cooling systems

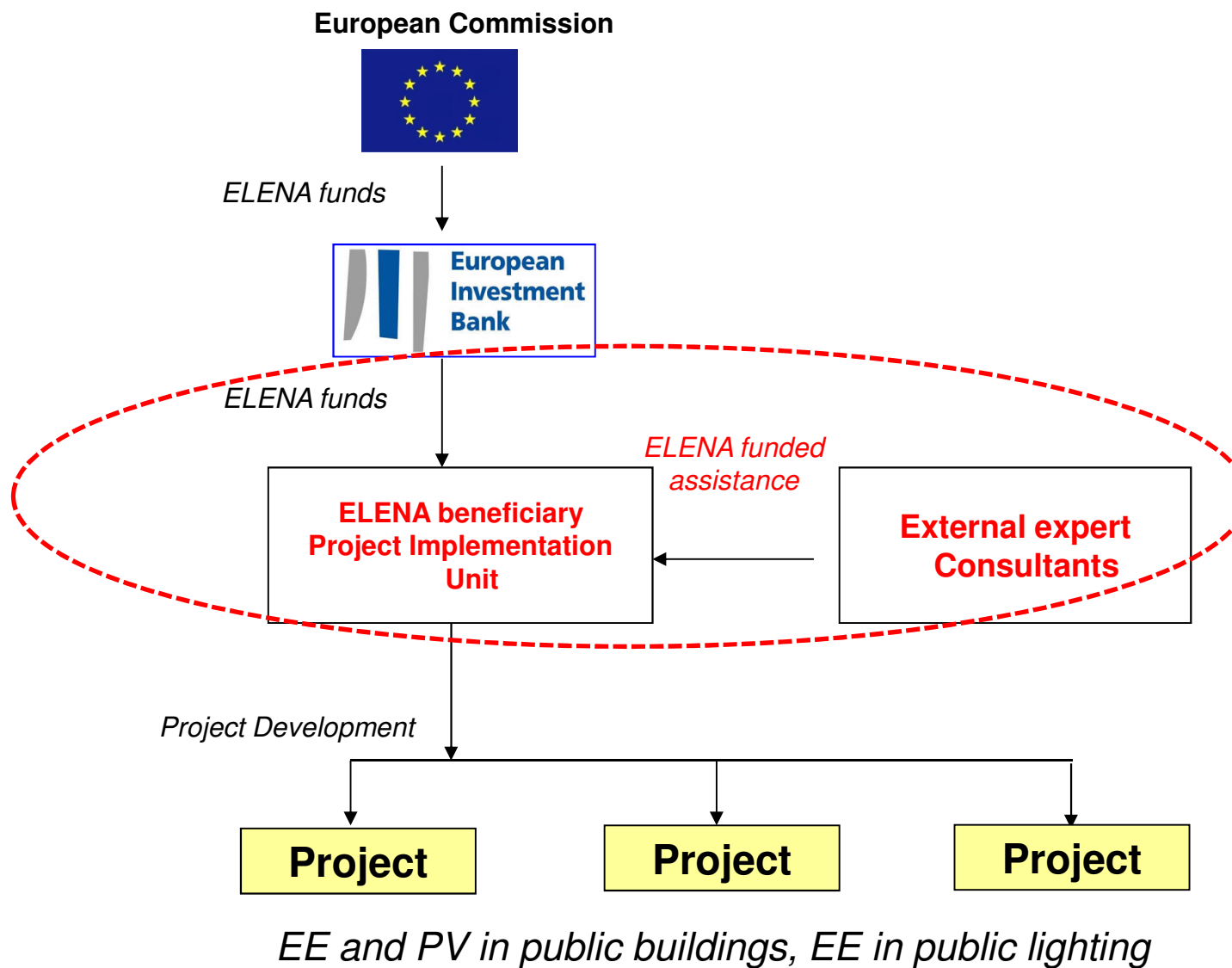
Efficient urban transport

- Clean, energy efficient and innovative road transport systems
- Related infrastructure investment such as charging stations

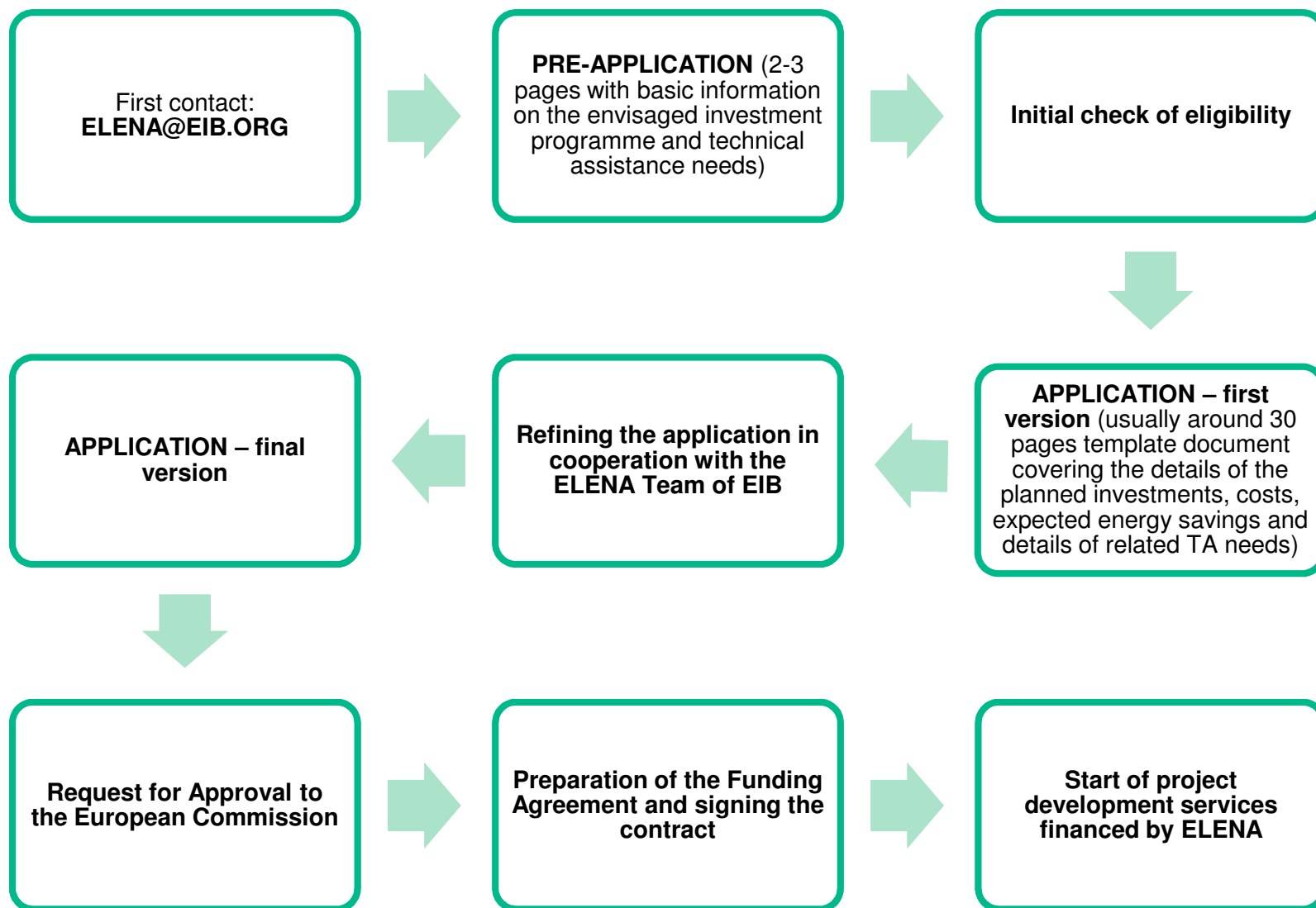
Local energy facilities supporting EE & RE

- Smart grids
- Information and communications (ICT) technologies

Project example



Application process



- Beneficiary: Tipperary Energy Agency
 - Deep retrofit of single family dwellings under the programme “Superhomes”
 - Public Lighting Replacement Programme
 - Implementation of renewable heating systems, mobilising investment under the Renewable Heat Incentive (RHI)
 - Implementation of community wide energy efficiency under the state Better Energy Community (BEC) and energy efficiency obligation scheme
- Estimated investment programme cost: EUR 38m
- ELENA grant budget: EUR 1.5m
- Project Development Services (PDS) financed by ELENA provide support to the TEA for implementation
 - ✓ ELENA PDS Team composed of TEA staff and external subcontractors.
 - ✓ Offering a tailored assistance to various stakeholders – private homeowners, public entities, SMEs
 - ✓ Undertake the stakeholder engagement, the technical and business case development and provide energy audits, prepare the procurement and design of the investments
 - ✓ ELENA PDS Team will liaise directly with the individual house/facility owners to encourage the investment

Case study: Picardie Pass Renovation EFSI plus ELENA

- Beneficiary: Regional Public Service Company for Energy Efficiency in Picardie, France
- Objective: energy efficiency renovations of private houses (as of December 2016, 290 ongoing building sites provide work to more than 400 local craftsmen and companies with EUR 26.3m)
- Estimated investment programme cost: EUR 52m
- ELENA grant budget: EUR 1.8m
- EIB loan: EUR 23.5m

ELENA support requested:

- ✓ Development of a public service company for EE implementing an investment program with private home owners
- ✓ External assistance to support each homeowner in the works implementation phase
- ✓ Cooperation with partners in view of promoting the service, identifying potential homeowners and prepare contracts

Case study: Re:FIT retrofit programme EIB loan plus ELENA

- Beneficiary: Greater London Authority
- Objective: Carbon reduction targets through a large scale public building retrofit programme— by final report stage almost 1000 buildings were retrofitted or in the retrofit pipeline
- Location: London, United Kingdom
- Actual investment programme cost: 107 MEUR
- ELENA support: 2.9 MEUR

ELENA support requested:

- ✓ Establishment of technical, financial and contractual framework to guide organizations to deliver projects
- ✓ Identification and development of individual investments (building selection, energy data collection, studies, training etc.)
- ✓ Structuring and planning of operations and setting up financing
- ✓ Implementation of the EE projects through the involvement of ESCO public procurement and contracting

Smart Finance for Smart Buildings (SFBSB)

- Smart Finance for Smart Buildings (SFBSB)
 - Increase EE lending with specific focus on residential buildings through combination of EFSI and ESIF resources
 - Guarantee provided to local financial intermediaries
 - TA programme through ELENA for assistance to beneficiaries to prepare EE in residential buildings

Summary

- Energy efficiency investments are a priority for EIB
- EIB financing is available directly and through intermediaries
- Targeted financial products existing and under development (e.g. PF4EE, SF5B, EFSI and investment platforms)
- Technical Assistance is available to develop large scale EE programmes (e.g. ELENA and European Investment Advisory Hub)
- Some barriers non-addressable by EIB (e.g. regulatory barriers, public sector limitations, subsidized energy costs)

THANK YOU

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ELENA facility www.eib.org/elena email: elena@eib.org

Advisory Hub www.eib.org/eiah