

Financing your energy transition

EIB Financing and Support for EE

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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 2018:
EUR 63bn signed (2017 EUR 69bn)

Investing in Europe's growth

4 Public Policy Goals plus 2 cross-cutting objectives

Innovation &
Skills



Environment:
A safe and healthy
environment



Infrastructure



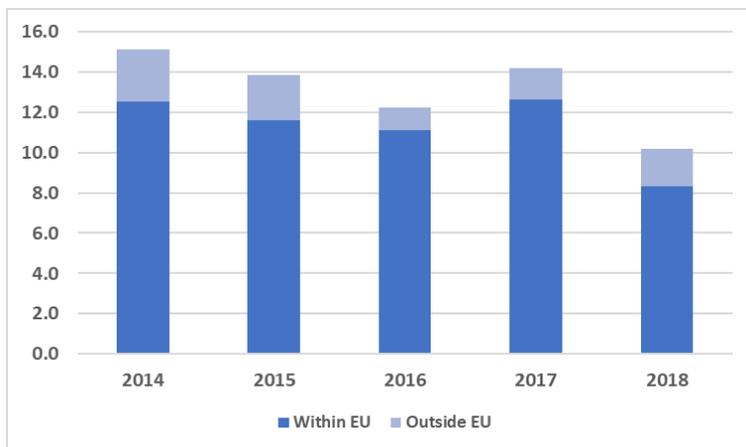
SME finance



EIB Cross-cutting objectives:
Climate Action and Cohesion

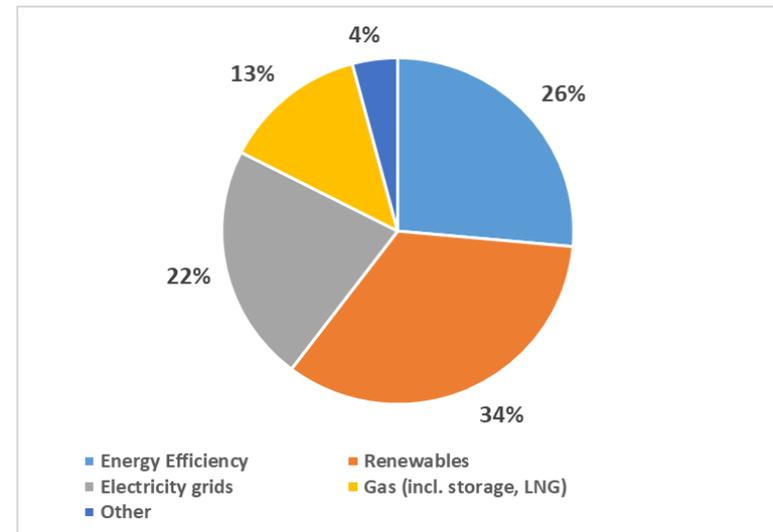
EIB lending to the energy sector

Overall Energy Signatures (EUR bn)



- EUR 13bn per year (2014-2018)
- Energy represented 18 % of EFSI lending
- c. 85% of energy lending inside EU

Breakdown by sectors (2014-2018)



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

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 aims to 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**.

Unlocking energy efficiency



Key priorities:

- Energy efficiency first principle
- Financing up to 75% of costs
- Focus on building rehabilitation

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)

ELENA

Savings Identification

Energy Savings & Reduced CO₂ Emissions

Technical Assistance Support

Eligible Investment Programmes

Eligible Costs (up to 90%)

Expertise

Energy Efficiency & Renewable Energy

Urban Transport & Mobility

- Feasibility & market studies
- Programme structuring
- Business plans
- Energy audits
- Financial structuring
- Tendering procedure
- Contractual arrangement

- Recruit additional staff
- Hire experts and advisors
- Costs of personnel assigned to the project

- 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 (e.g. smart grids)

- Clean and energy efficient transport vehicles: trams, trolleybuses, metros, trains
- Investment in public transport



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)

Province of Limburg

EIB Loan

- EIB investing EUR 75m in the province Fund (“Duurzaam Thuis”)
- For private citizens who can borrow money for EE measures and PV installations

ELENA Support

- Citizens also receive technical advice to increase the EE component of the loans, advice on suppliers and contractors, advice on works and prices etc

- 10-15 year terms
- Loans: Owner up to EUR 35,000 and tenants up to EUR 25,000
- Province Loan Officers can work with the homeowners on personalized energy assessments



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





Problem

Large EE potential in public buildings but budget constrained municipalities with a lack of technical capacity to develop a flow of projects.

Solution

adopt energy performance contracting

- aggregate projects
- coordinate at Province level, by civil servants;
- standardise EPC contracts

Programme:

Refurbishment of existing school buildings in some 30 to 40 municipalities.

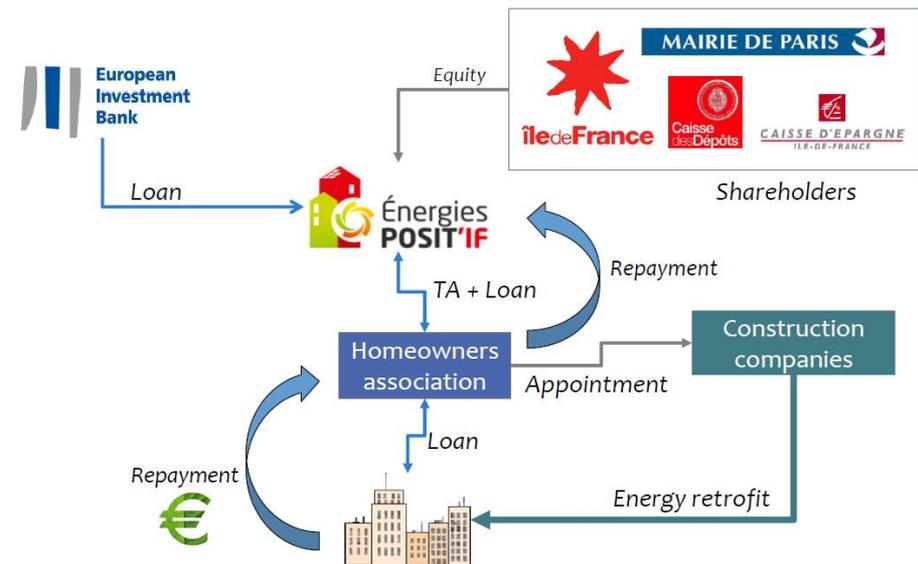
Implementation by ESCOs who pay the investments costs and guarantee energy savings (around 20%); serve debt through energy savings.

Finance provided by local Banks to ESCOs, supported by EIB loan. Technical Assistance provided by the EIB-ELENA facility

Programme EE French Private Housing

- New approach through « Société de Tiers Financement »
- Public or public-private entities, sponsored by French Regional Councils
- Act as a one-stop-shop for EE service supplier for residential buildings:
 - Technical assistance
 - Long term and affordable funding
- Total framework loan amount EUR 400m

Exemple Ile de France



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



Summary

- Energy efficiency related investments are a priority for EIB as part of the increased Climate related focus
- EIB financing is available directly and through intermediaries
- Targeted financial products existing for energy efficiency 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)

THANK YOU

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