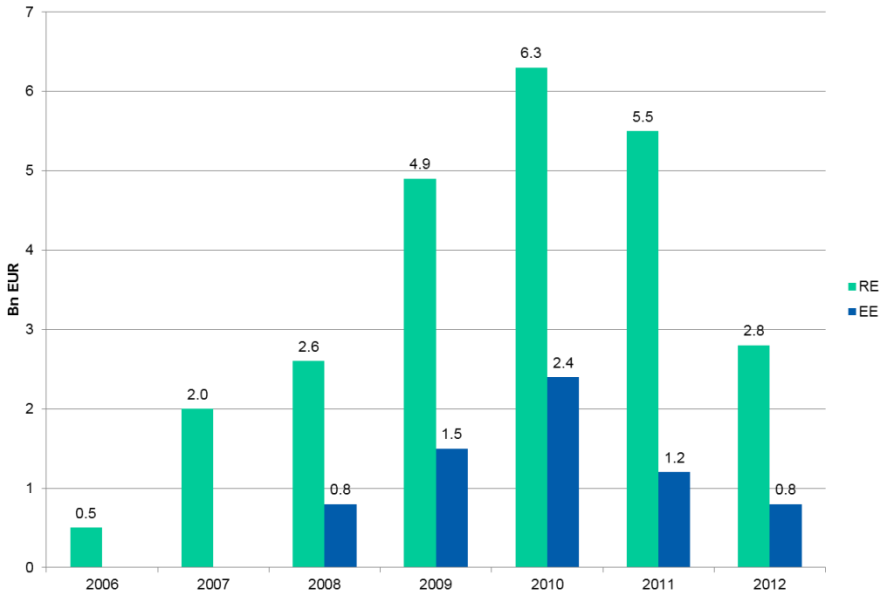
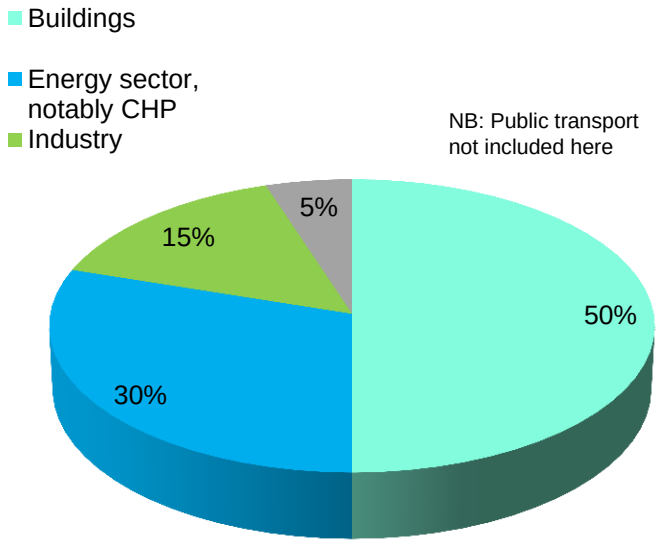
EIB & ENERGY EFFICIENCY AT A GLANCE

EIB provides significant financing for Energy Efficiency

~EUR 7 billion over 2008-2013





- EIB contribution to promote EE goes beyond lending: EE is mainstreamed in all projects it finances
- Support to promoters & intermediaries to develop EE projects:
  - TA and developing financial instruments
  - On its own behalf or in cooperation with EC or other entities

Many energy efficiency activities ongoing at the EIB

- Loans
- EE Financing Facility (Western Balkans, Turkey)
- Technical Assistance:
  - ELENA to develop EE&RE programmes by public authorities
    - ELENA-East in preparation, possibly other regions
  - JASPERS to support MS prepare projects for Structural Funds
- Funds:
  - European EE Fund (E-EEF) to support ELENA type projects
  - Green for Growth Fund (SE Europe, expanding East)
  - JESSICA: Urban Funds using structural funds
- Deep Green initiative (under development)
  - Financial instruments to support EE investments
- Knowledge transfer & sharing:
  - EPEC: European PPP Expertise Centre

KEY EE ACTIVITIES' HIGHLIGHTS

ELENA in short

European Local Energy Assistance

- EC-EIB cooperation to support local and regional authorities to reach 20-20-20 targets
- Technical Assistance facility: managed by EIB; funded by EU budget (CIP/IEE programme)
- Project development support for energy efficiency; local renewables; clean urban transport
- Market replication focus (min. investment EUR 30 m)
- Investment leverage required (ratio 20; claw back possibility)
- 90% funding rate (grant)
- Budget allocation 2009-2013 EUR ~90m (allocation possible until end 2015)

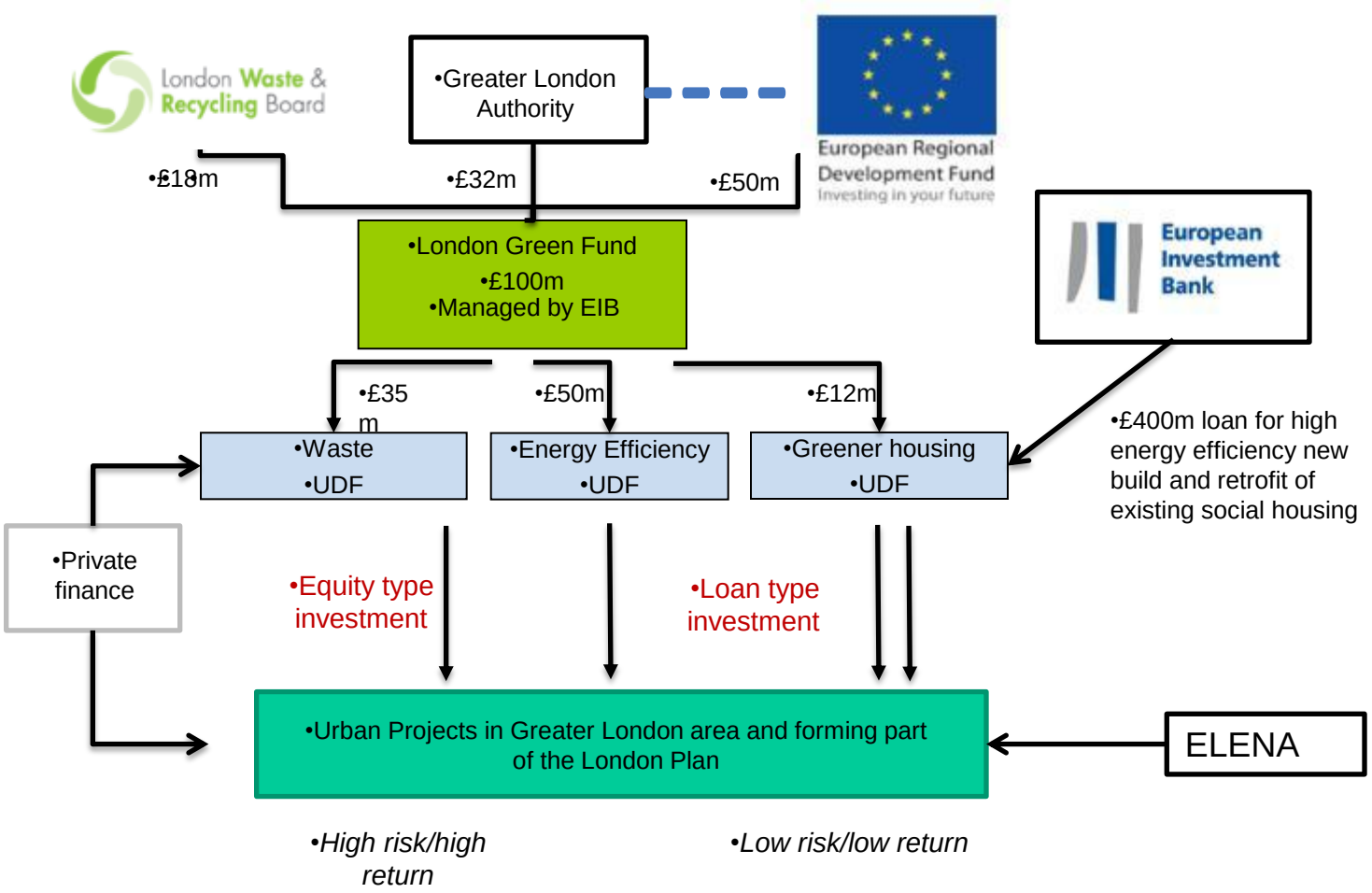
ELENA Results So Far (March 2014)

- Facility operational since January 2010
- 28 projects signed/approved in 500+ municipalities and 11 EU countries
- ELENA grants totalling almost EUR 50 million, and investments ~EUR 2.8 billion
- Leverage factor ~60
- Two projects fully completed: district heating in NL and e-vehicles development in ES

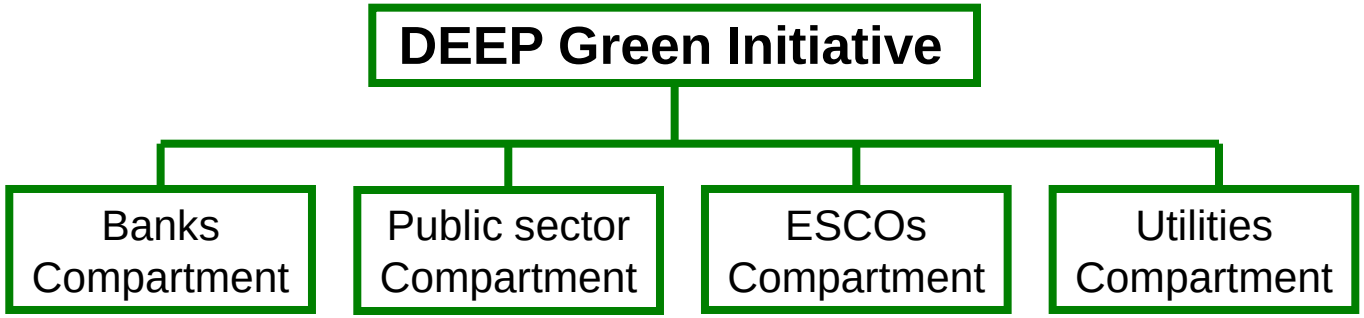
European Energy Efficiency Fund

- Capital of the fund: 265 million
- Managed by Deutsche Bank (www.eeef.eu)
- Beneficiaries: Local & regional Public authorities, but PPPs are possible.
- Financing in form of loans, guarantees, forfeiting schemes (to finance ESCO).
- Technical assistance (grant) is available to structure projects (EUR 20 Mio).
- 70% of the investment shall be targeted towards Energy Efficiency in buildings

JESSICA:
The London Green Fund



DEEP Green Concept



- **D**ebt for **E**nergy **E**fficiency **P**rojects Initiative aims at developing a suite of new financial products, namely, banks, public sector, ESCOs and Utilities.
- These new products shall increase access to lending to EE projects.
- New products under DEEP Green will aim at aggregation and de-risking of EE projects to allow for debt financing.

CASE STUDIES & EXAMPLES OF EIB PROJECTS

Example of EIB projects: Loan EE Walloon Social Housing

- EE refurbishment and upgrade of 12,000 - 14,000 flats in social housing in Wallonia BE, including also RE if requested
- 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 (or minimum R values)



Example of EIB projects: Intermediated lending Austrian EE in buildings

- Refurbishment and new construction of houses and flats
  - Supported by federal and regional housing support programmes
  - In line with Near-Zero-Energy-Building standards (new buildings)
- Total framework loan amount EUR 150m financed by EIB:
  - Refurbishment: up to 75% EIB co-financing
  - New construction: up to 50% EIB co-financing with max cost cap
- Already several commercial partner bank(s):
  - S Bausparkasse
  - Additional banks are interested

Examples of EIB projects: EE in the Province of Milano

Finance provided by local Banks, supported by EIB loan (EUR 65 m). Technical Assistance provided by the EIB-ELENA facility

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;
- standardise 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.

KEY CHALLENGES & LESSONS LEARNED

Barriers encountered for EE projects (1)

- Institutional framework & organisational issues
  - Lack of capacity for the preparation of large scale projects, and lack of qualified consultants
  - Low level of communication between different sectors inside the administration
  - Significant lead times for project development
- Financial and economic context
  - Reluctance from public bodies to commit to large investment programmes in short period of time
  - Level of indebtedness and creditworthiness of some local authorities (e.g. impact of austerity measures)
  - Limited knowledge on alternative financing opportunities
  - Low energy prices in some countries

Barriers encountered for EE projects (2)

- Other issues
  - Underestimation of non-technical issues (political commitment)
  - Tendency to micro-management vs. real outsourcing/functional tendering
  - Reluctance by commercial lenders

Lessons learned- overall experience

- Still limited EE investments
- Limited capacity from promoters to prepare large EE programmes, in particular involving ESCOs
- Limited experience from promoters in Financial Instruments to support EE projects
- Need to develop examples of good practice (the success implementation of first projects is critical)
- Knowledge transfer, based on actual projects, is necessary