Overview of EU investment support instruments for sustainable energy

Roman Doubrava
DG Energy
What is currently available at EU level?

Cohesion policy funds (2007-2013):
• 4.6 billion € for energy efficiency
• 4% of ERDF can be re-allocated to energy efficiency

Intelligent Energy Europe Programme (2007-2013):
• 735 million € for ‘soft’ energy efficiency/renewables projects

ELENA Facility:
• 97 million € for technical assistance to mobilise investments

European Energy Efficiency Fund (EEE-F):
• 265 million € for investments into mature, bankable efficiency/renewables projects
• 20 million € for technical assistance
ELENA-EIB
Large scale investments
Direct contracts with EIB
Open call, no deadline
Leverage 20
All IEE MS
> €50m

ELENA-CEB
Mid-size programmes
Direct contracts with CEB
or Intermediated via PFIs
Open call, no deadline
Leverage 20
IEE/CEB MS
< €50m

ELENA-KfW
Mid-size programmes
Intermediated via PFIs
Open call, no deadline
Leverage 20
All IEE MS
< €50m

ELENA-EBRD
Mid-size investments
Direct contracts with EBRD
Open call, no deadline
Leverage 20
IEE/EBRD MS
< €50m

TA for Project
Development Services

MLEI
Small-scale investments
Direct contracts with EACI
IEE call, standard deadline
Leverage 15
All IEE MS
> €6m

ELENA – Market Replication Projects

P&D Projects, Integrated Initiatives

Energy
16 signed and approved projects - EUR 28 mio from IEE
approximately EUR 1.5 billion worth of investment.
leverage factor for current projects is situated at 54
investments already committed close to 100 MEUR

Figure 1: Distribution of expected investment by sector in signed and approved projects
<table>
<thead>
<tr>
<th></th>
<th>Energy savings (GWh/y)</th>
<th>Renewable energy generated (GWh/y)</th>
<th>CO2 emissions avoided (t/y)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget 2009</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prov. of Barcelona</td>
<td>100</td>
<td>30</td>
<td>90,000</td>
</tr>
<tr>
<td>Stadtsverwarming of Purmerend</td>
<td>50</td>
<td>264</td>
<td>56,500</td>
</tr>
<tr>
<td>Prov. of Milan</td>
<td>30</td>
<td></td>
<td>9,000</td>
</tr>
<tr>
<td>City of Paris</td>
<td>32</td>
<td></td>
<td>6,480</td>
</tr>
<tr>
<td>EMT</td>
<td>4</td>
<td></td>
<td>1,800</td>
</tr>
<tr>
<td>Vila Nova de Gaia</td>
<td>35</td>
<td>6</td>
<td>12,120</td>
</tr>
<tr>
<td>DAFNI</td>
<td>42</td>
<td>85</td>
<td>113,930</td>
</tr>
<tr>
<td>RE:Fit</td>
<td>5</td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td>E-laad</td>
<td>1</td>
<td></td>
<td>171</td>
</tr>
<tr>
<td>City of Sittard-Gelen</td>
<td>90</td>
<td></td>
<td>18,122</td>
</tr>
<tr>
<td><strong>Sub-total 2009</strong></td>
<td><strong>388</strong></td>
<td><strong>384</strong></td>
<td><strong>408,123</strong></td>
</tr>
<tr>
<td><strong>Budget 2010</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Malmö</td>
<td>82</td>
<td></td>
<td>25,000</td>
</tr>
<tr>
<td>Greater London Authority - DE</td>
<td>275</td>
<td></td>
<td>75,000</td>
</tr>
<tr>
<td>Transports Metropolitans de Barcelona</td>
<td>61</td>
<td></td>
<td>16,400</td>
</tr>
<tr>
<td>Sustainable Development Agency Modena</td>
<td>17</td>
<td>12</td>
<td>9,900</td>
</tr>
<tr>
<td>Prov. of Chieti</td>
<td>36</td>
<td>7</td>
<td>16,100</td>
</tr>
<tr>
<td>City of Bristol*</td>
<td>59</td>
<td>77</td>
<td>37,834</td>
</tr>
<tr>
<td><strong>Sub-total 2010</strong></td>
<td><strong>531</strong></td>
<td><strong>96</strong></td>
<td><strong>180,234</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>919</strong></td>
<td><strong>480</strong></td>
<td><strong>588,357</strong></td>
</tr>
</tbody>
</table>
Pipeline:

- 18 projects, 34 MEUR ELENA funding, and investments of EUR 2.2 billion
- mainly energy efficiency in buildings and small renewable installations, mostly PV systems.
- uptake of large street lighting projects, usually integrated with other sectors.
- two projects focussing on the transport sector
- Main applicant – IT, and four projects from SI, RO and HU. Other “new” comers are BE and IC.
- discussions initiated with another 14 potential applicants (additional EUR 20 million of support for an estimated investment of EUR 900 million).
ELENA - KfW

• So far, **two operations under development:**
1) The investment programme with the **Kommunal Bank, Berlin**
ELENA EUR 1 million to launch 20,16 MEUR in investments.

2) The investment programme with the **BCPE, France**
ELENA EUR 1.7 million to mobilise ca **100 MEUR** in investments.

• Negotiations on **project proposals** commenced with other commercial banks.
• Financial crisis slows down decision processes at the PFIs.
• Public budget restrictions make new investments very difficult.
Global Loan for Investment Programmes

KfW → Participating Financial Intermediary

+ Technical Assistance according to ELENA

Financing of Investment Projects through subloans
+ direct investment incentive

Final Beneficiaries: Municipalities and ESCOs

Smaller part of the technical assistance for consultancy services

Larger part of the technical assistance for in-house capacity building in the municipality or consultancy services
ELENA – Status and developments

- **Status of ELENA Facility**
  - ELENA-EIB – operational
  - ELENA-KfW – operational
  - ELENA-CEB – operational, but 'young'
  - As of 2012: ELENA-EBRD to focus on EU-9 (EE, LV, LT, PL, HU, SK, BG, RO, SI), Croatia, FYR of Macedonia – under negotiation
  - All approved projects communicated via websites of banks, IEE, Managenergy and Covenant of Mayors

- Common entry point at the IEE website
The Call for proposals 2011:
• 25 proposals from 7 countries, potential investment of EUR 800 million.
• 8 (+1) projects selected (public buildings, street lighting, district heating and biogas production)
• The EU contribution around EUR 7 million;
• expected EUR 192 million invested in EU-15 countries and Norway.

The Call for Proposals 2012:
• 31 proposals from 11 countries including the EU-12 and Croatia.
• The total potential investment of EUR 700 million.
Why supporting the TA

- Replication of approaches developed by ELENA/MLEI projects in other regions/countries
- Scaling up and bundling EE & RE investments
  Larger scale, better efficiency, economies of scale, reduced transaction costs
- Increased capacity within local authorities
  Encouragement to improve planning and coordination
- Improvement of bankability of projects
  Support provided improves access to finance
- Support to the implementation of measures in SEAPs
- Market confidence building
European Energy Efficiency Fund

- EPPR amended regulation 2010
- \textbf{265 M€} (EC, EIB, CDP, DB), launched 1st July 2011
- \textbf{Objective}: addressing financial needs of \textit{commercially viable} EE and RES projects
- \textbf{Scope}: 70\%EE, 20\% RES, 10\% Clean urban Transport
- \textbf{Final Beneficiaries}: local/regional public authorities
- \textbf{Tailor made financing}: Senior/junior loans, convertible debt, equity participation, forfeiting loans
- \textbf{Technical assistance} (20M€ in 90\% grant for financed projects)
EEE F Eligibility criteria

• At least 20 % primary energy savings for EE projects, (higher for buildings)
• Min. 20 % reduction of CO2 equiv. for RE and transport
• Comply with EU legislation (RE directive, CHP…)
• Concrete objectives to mitigate climate change + multi-annual strategies
• Proven technologies
• Strong support for ESCOs providing guaranteed energy savings
• Typical project size: up to 25M€
Role of the Fund in mobilising private finance

- **EEE F objective**: enhance viable EE and RES investments at local/regional level within multiannual strategies to mitigate CC
- Adress market failures (information/awareness, TA…)
- **Adress Lack of access to capital** (specific financial products…)
- Confidence building around EE investment,
- Develop and spread ESCO/EPC models,
- Offer innovative financing
What might be available at EU level?

Next Multi-Annual Financial Framework (2014-2020) proposals:

• Cohesion funding to allocate some 17 billion € to energy efficiency and renewable energy (doubling current allocations)

• Horizon 2020: 6.5 billion € is to be allocated to research and innovation in "Secure, clean and efficient energy"

• Increased use of financial instruments
What should be improved?

Public consultation on financial support for energy efficiency in buildings
Public consultation on the future of the IEE

- How could access to financing be improved?
- What is the role of the EU regulatory framework?
- How to remove important barriers?
Thank you for your attention

Roman Doubrava

Tel: +32 (0)2 298 452
Email: roman.doubrava@ec.europa.eu