

# **EIB'S ENERGY LENDING POLICY**

## **How to support the NECP of Romania**

Romania Energy Finance Workshop

15 July 2020

# European Investment Bank – An overview

- ▶ EIB is based in Luxembourg and **owned by the 28 EU Member States**
- ▶ EIB is the **EU's long-term lending institution** – a public bank with objectives **driven by EU-policies** with priorities to promote European economic development and integration
- ▶ **4 key areas:** climate/environment, innovation, SME, infrastructure,
- ▶ EIB's **financing activity** accounts for **~63 bn EUR** (2019), thereof 55 bn EUR within the EU
- ▶ EIB **finances itself** on international capital markets, mainly **through bond issuance**
- ▶ **Core activities** include **lending, blending and advisory**



# The EU's Climate Bank

## THE EUROPEAN INVESTMENT BANK IS EUROPE'S CLIMATE BANK

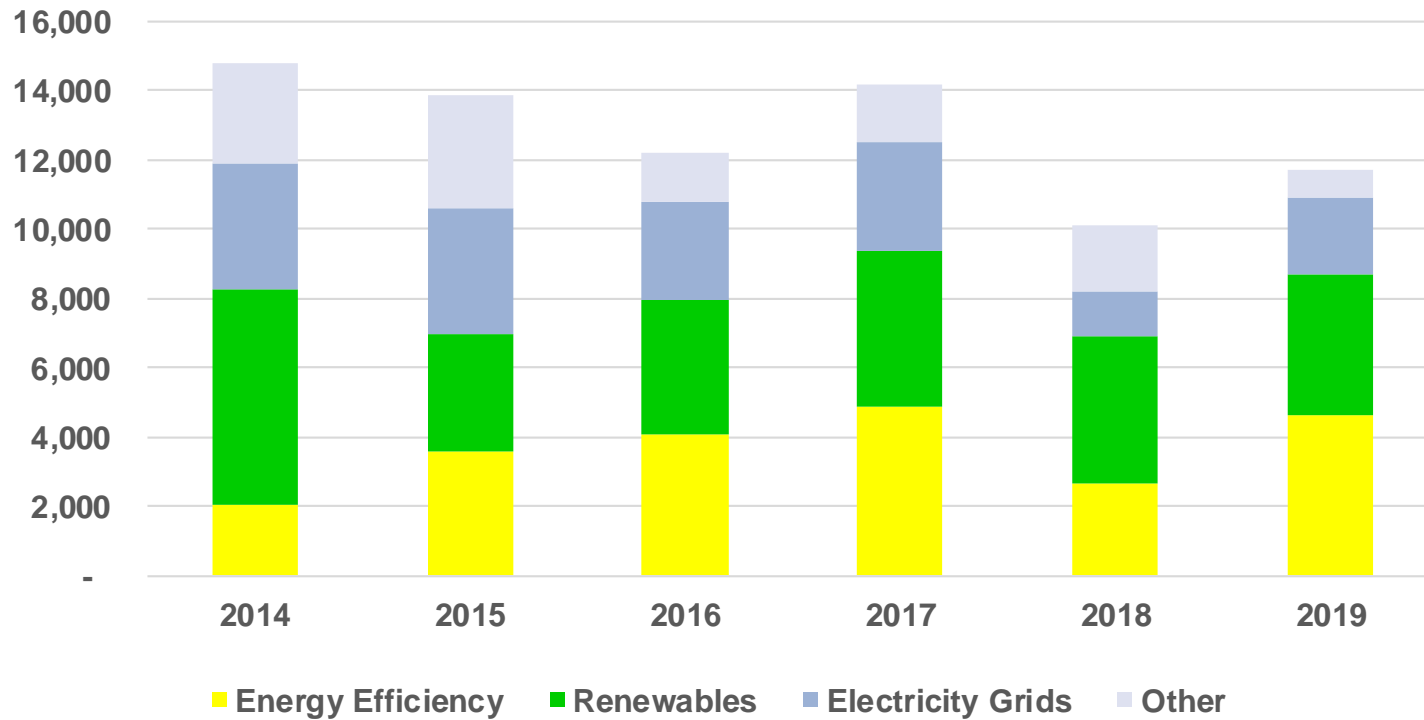
**€1 trillion** for climate action and the environment unlocked by 2030

**50 %** of total financing to climate action and the environment by 2025 (current level: 30%)

**2020** Fully aligned with the Paris agreement by the end of the year

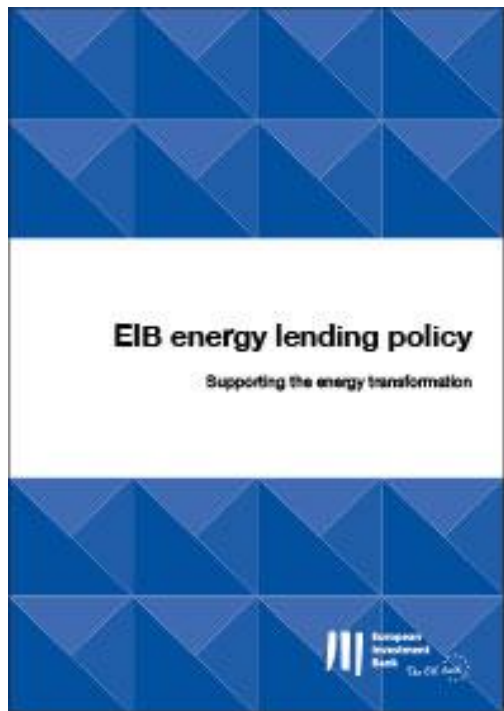


# EIB lending to the Energy sector (MEUR)



- Increasing focus on energy efficiency and renewables over the last years
- Third area of energy lending is to electricity grids
- Around 85% of lending to Energy is for projects in the EU
- Over the last 10 years EIB has financed energy projects in Romania worth ~ 1 bn EUR

# New Energy Lending Policy:



The EIB Board approved new Energy Lending Policy on 14 November 2019

<https://www.eib.org/en/publications/eib-energy-lending-policy>

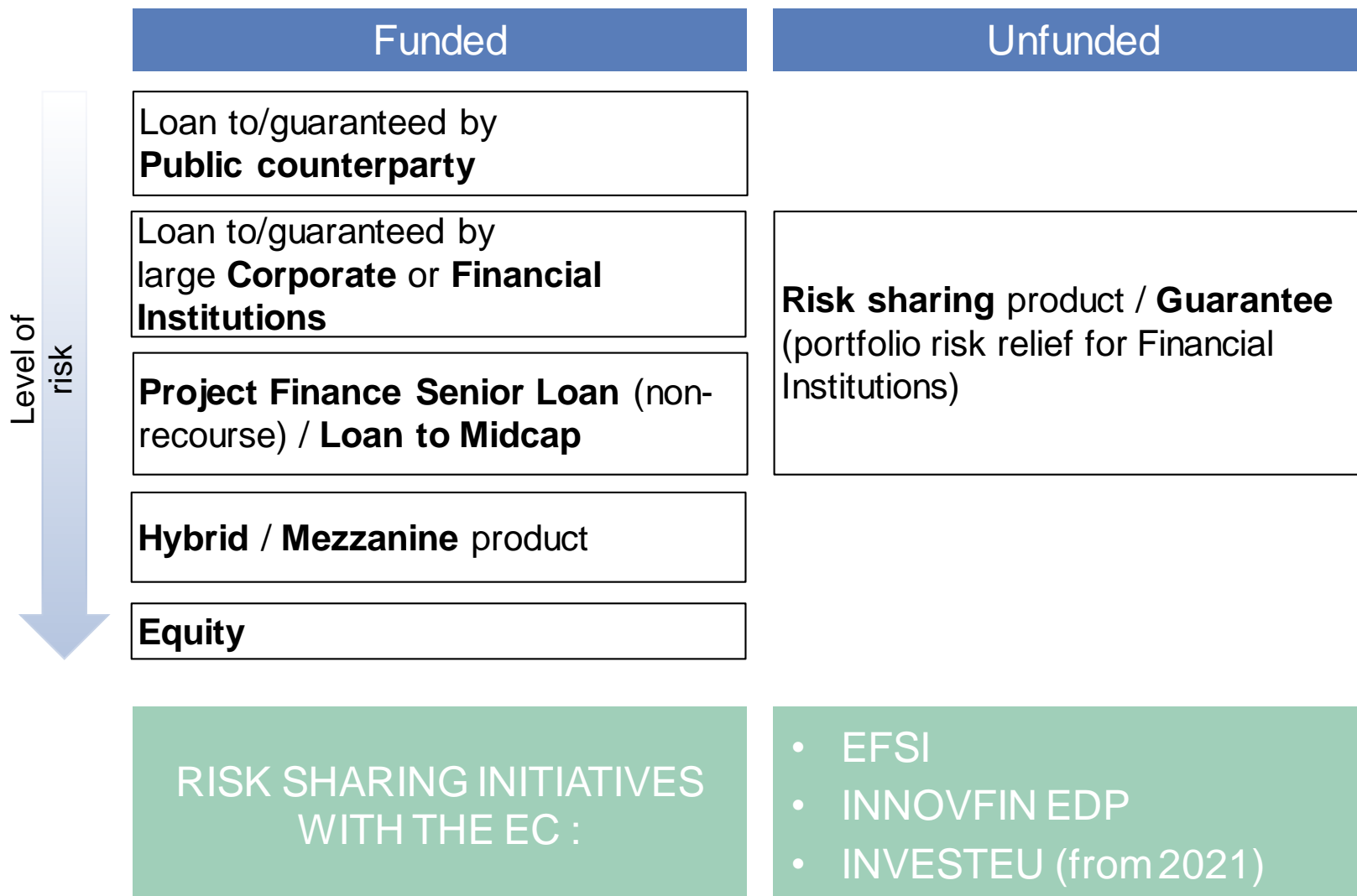
## ELP in a nutshell

- Driven by Paris Agreement and Clean Energy for All Package
- Focus on areas where EIB can provide added value
- Phasing-out fossil fuels
- Unlocking energy efficiency
- Decarbonizing energy supply
- Supporting innovative technologies and new types of energy infrastructure
- Securing the enabling infrastructure
- Engagement with Member States and clients

# Energy Transition Package

- The ELP envisages an Energy Transition Package (ETP) to provide further support to 10 Member States (including Romania) facing higher investment needs
- Financing up to 75% of the eligible costs of ALL energy projects eligible under the ELP
- Ad-hoc advisory services to support the energy transition
- Support to Integrated development strategies in coal and carbon-intensive regions
- Cooperation with the EC on the Just Transition Initiative and the Modernization Fund

# EIB offers a wide range of financing options



# EIB offers technical/financial advisory



## UPSTREAM

- **Policy & programme** advice
- **Preliminary** project assessment

## PREPARATION

- **Technical** advice to promoters prior to appraisal
- Advice on **financial structuring**
- Selection (ToR) & supervision of **consultants**

## IMPLEMENTATION

- Advice on **project implementation**
- **Enhanced monitoring** in delayed projects

## CAPACITY BUILDING RELATED TO PROJECTS

## TECHNICAL ASSISTANCE INITIATIVES

- JASPERS
- EIAH
- INNOVFIN EDP
- ELENA
- INVESTEU (from 2021)
- INNOVATION FUND PDA
- MODERNIZATION FUND

# EIB'S EMERGENCY RESPONSE AND SUPPORT TO GREEN RECOVERY

- **COV-19 Emergency response package** approved mainly directed towards existing clients
- **European Guarantee Fund** now operational mainly targeting SMEs that have been affected by the COV-19 emergency
- **Climate Bank Roadmap** will automatically reinforce EIB's focus towards green investments
- Intensifying dialogue with MS on their **National Energy and Climate Plans** (NECPs) focusing on green recovery
- Cooperation with the European Commission on the **revised MFF** and the **Next Generation EU** instrument

# Possible areas for EIB support in Romania

- Energy Efficiency : EE investment program in buildings (e.g. Multi-family Residential Buildings)
- Renewables and Energy Storage: including PF schemes to attract and maximise usage of private finance (e.g. PPAs), structured support to RE auctions, cross-border schemes
- District Heating: rehabilitation and expansion of networks under certain conditions
- Electricity networks: transmission network investments, Projects of Common Interest (PCIs), roll out of smart meters
- Hydropower: rehabilitation or repowering of existing hydro power plants, new hydropower plants including pump storage

# Thank you!

# Themes of Energy Lending Policy



Unlocking energy efficiency



Decarbonising energy supply

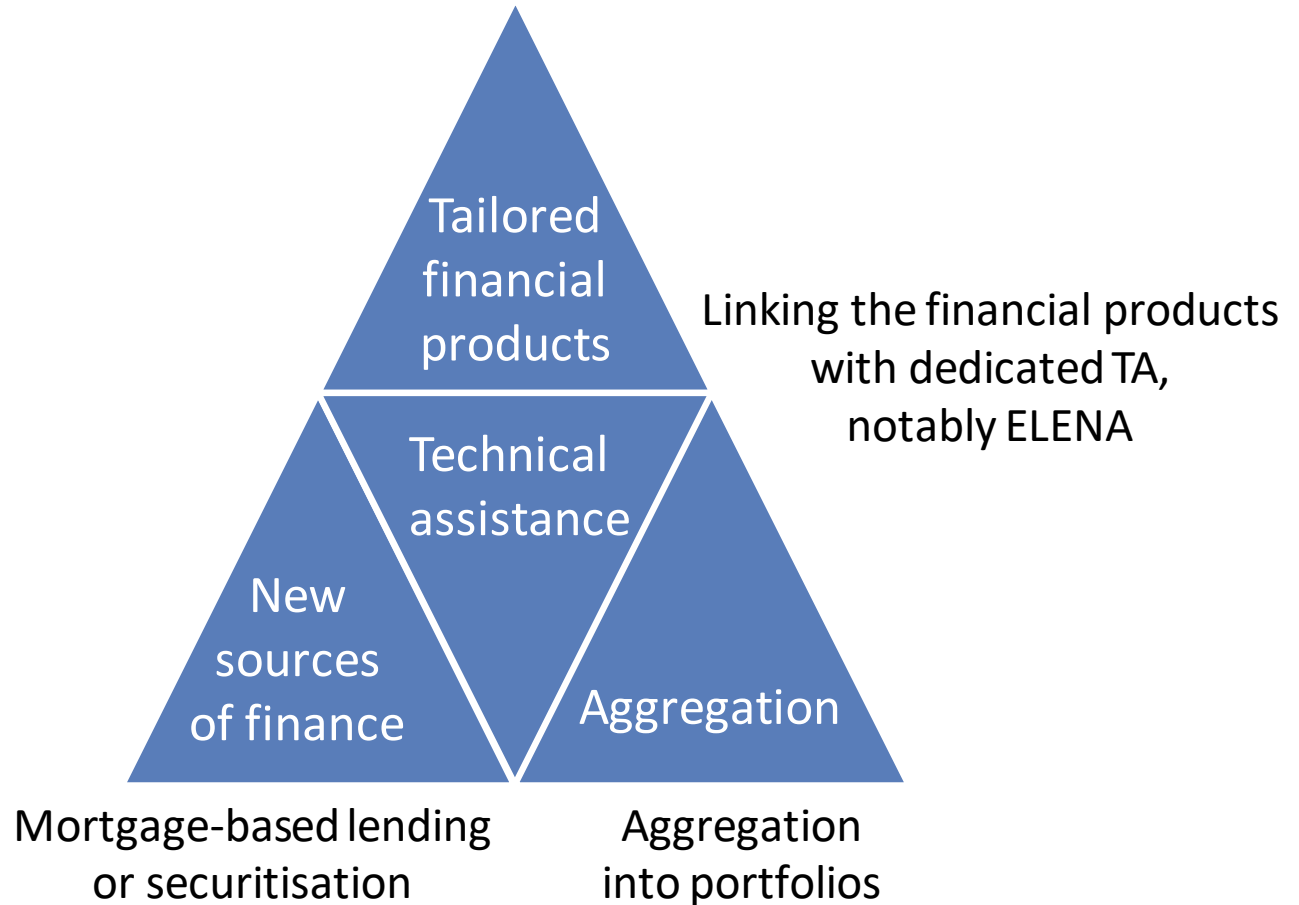


Supporting innovative technologies  
and new types of energy infrastructure



Securing the enabling infrastructure

# Initiative for Building Renovation (EIB-R)



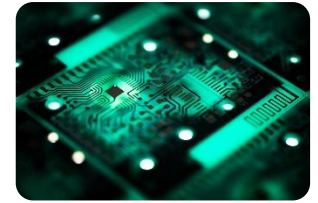
# Decarbonising energy supply



## Key priorities:

- All low carbon technologies are eligible
- Power generation technologies resulting in GHG emissions below 250 gCO<sub>2</sub>e per kWh of electricity generated.
- As an exception to this general rule, the Bank will support gas-fired power plants which provide a credible plan to blend increasing shares of low-carbon gas over the economic lifetime of the project
- Support market integration of renewables
- Technologies at early stage of deployment
- Low carbon gases

# Supporting innovative technologies and new types of energy infrastructure



- Close alignment with Strategic Energy technologies (SET plan)
  - Corporate or national RDI programmes, including demonstration of innovative technologies and innovative manufacturing processes
  - All technologies are eligible, including renewables, carbon capture and storage, nuclear fission and fusion
- New types of energy infrastructure:
  - Batteries, demand response, electrification of transport
  - Energy communities, microgrids, small isolated systems
  - Increased automation, digitalisation and “smart” networks

# Securing the enabling infrastructure



## Power

- Project of Common Interest (PCIs), transmission
- Distribution (renewables integration, flexibility)

## Gas

- Gas PCIs from the 4<sup>th</sup> list until 2021
- Network projects planned to transport low carbon gases

## DH

- Rehabilitation and expansion of district heating networks under certain conditions