

Energy Finance Workshop

Supporting Romania's National Energy and Climate Plan (NECP)

Session 3. Energy Efficiency

15th July 2020

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

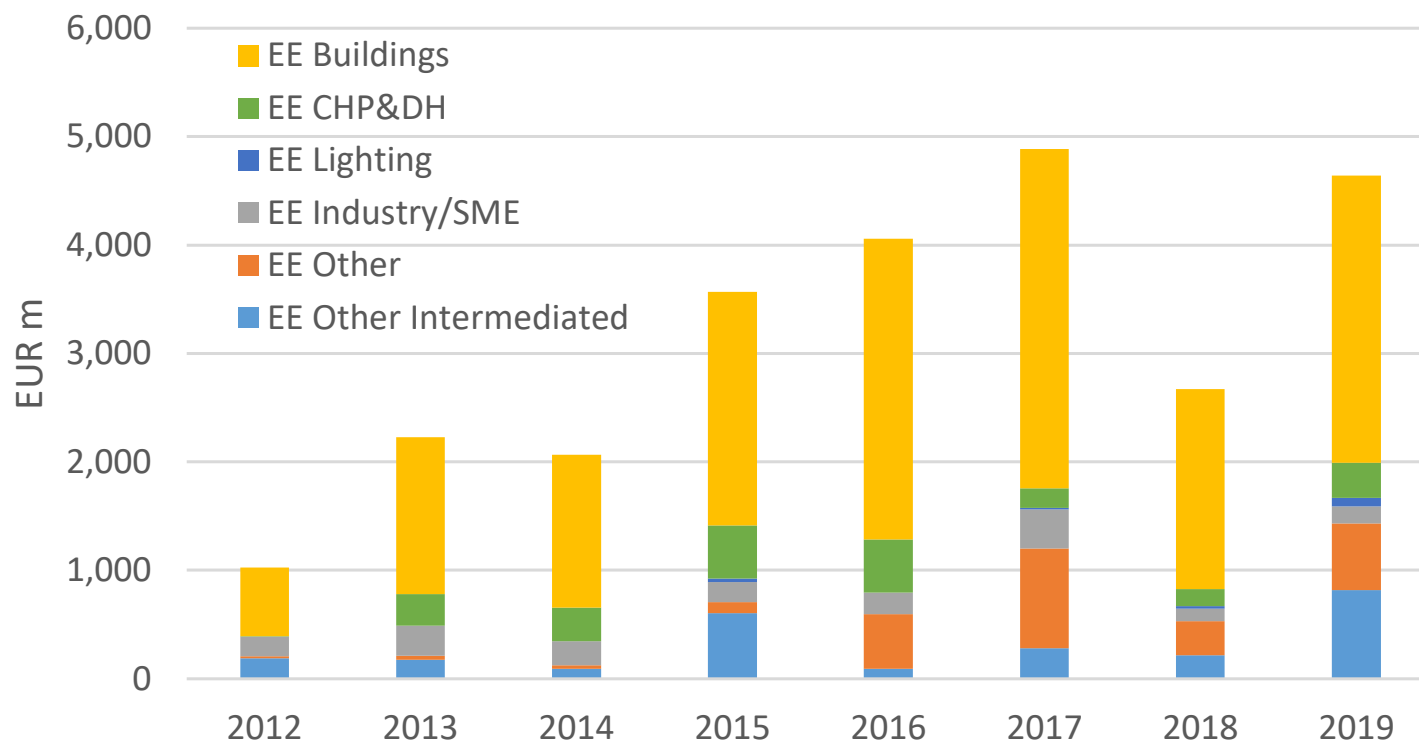
50 % of total financing to climate action and the environment by 2025 (current level: 30%)

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



EIB lending to energy efficiency

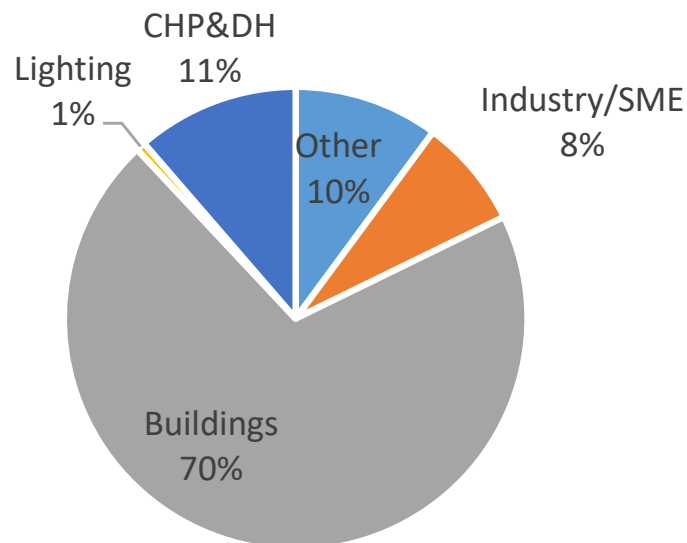
EIB Energy Efficiency lending



- Overall EE lending from around EUR 1bn (2012) to EUR 4.6bn (2019)

EIB lending to energy efficiency

Total EE lending breakdown (2015-2019)



- Buildings largest subsector with 70%, followed by CHP/DH and Industry/SME

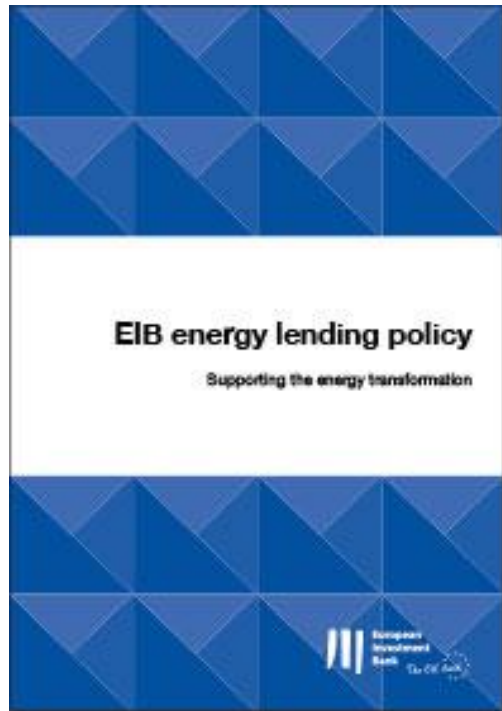
EIB flagship projects in Romania

- BUCHAREST THERMAL REHABILITATION. Rehabilitation programme for improving energy efficiency in residential buildings in Bucharest. The largest EE rehabilitation project supported by the EIB, with the rehabilitation of circa 3000 buildings in the subsequent phases (total loan amount of EUR 670m and PIC of EUR 1.1 bn)
- MY E-HOME - PROGRAMME LOAN - ROMANIA -SF5B (2018-0539) (A Programme Loan ("PL"), intermediated by Romanian financial intermediaries, aimed to support residential energy efficiency and small-scale renewables

JASPERS projects

- Bucharest District Heating Network Rehabilitation, 185m EUR grant (on-going)

New Energy Lending Policy: supporting the energy transformation



ELP in a nutshell

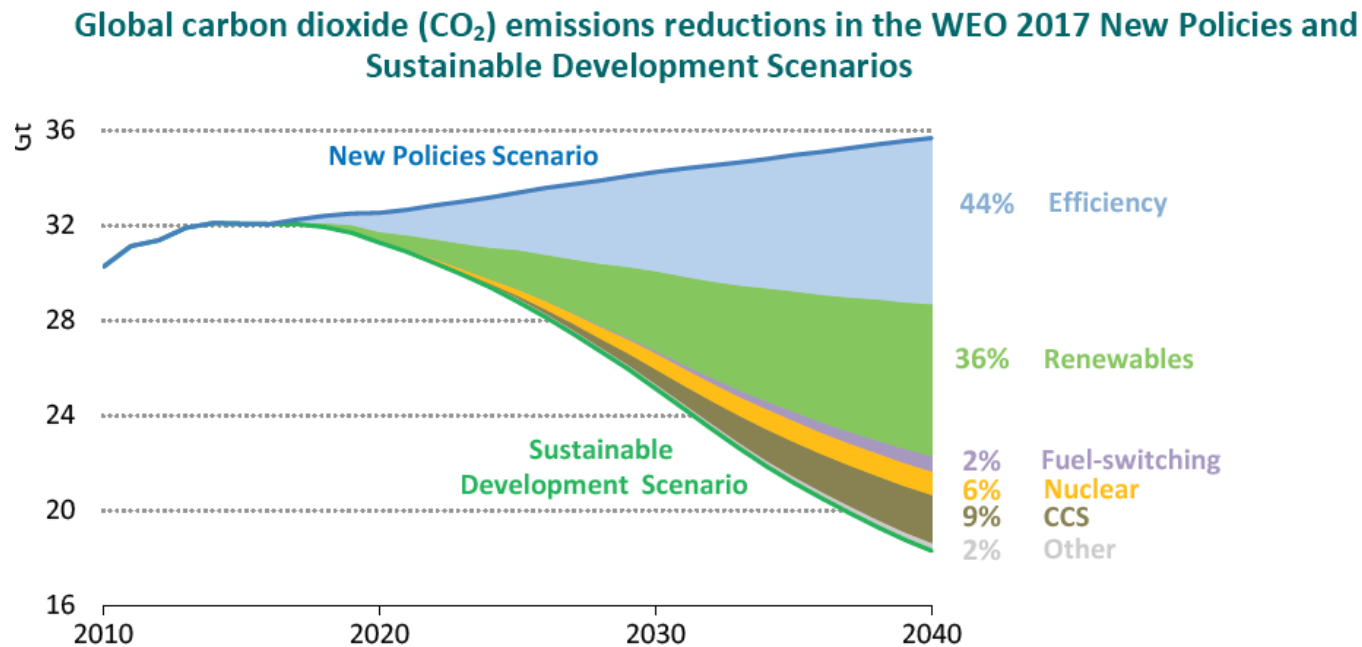
- Phasing-out fossil fuels
- Focusing on energy efficiency and decarbonisation
- Engagement with Member States and clients

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

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

Policy context: EE bridging the gap

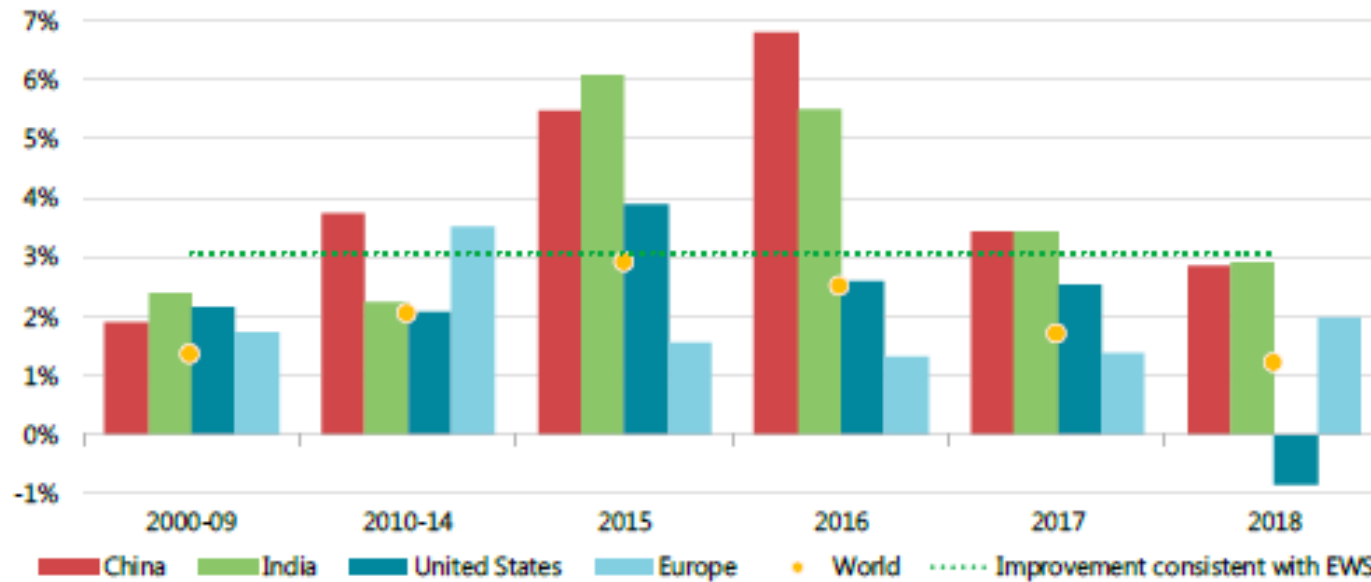
- According to the IEA (Energy Efficiency 2018), EE is the largest single contributor to bridge the gap -CO₂ reductions needed- to meet global climate change mitigation goals.



Policy context: more is needed

- In 2018, primary energy intensity – an important indicator of how much energy is used by the global economy – improved by 1.2%, the slowest rate since 2010.

Figure 1.3. Primary energy intensity improvement



IEA (2019). All rights reserved.

Policy context: investment needs

- The IEA's Efficient World Strategy suggests that to unlock the full potential of efficiency, global investments would need to double by 2025, and double again between 2025 and 2040.\
- According to the modelling used to underpin the EC long-term vision for 2050, energy investments in the EU need to almost double during the decade 2021-30, i.e. from EUR 229 billion per year on average over the period 2011-20 to EUR 396 billion per year from 2021 to 2030. This increases to EUR 520-575 billion per year in the subsequent decades, more than 2.5 times the current level.
- Energy efficiency investments in buildings and industry represent approximately three-quarters of the total energy investment required in the period 2021-30, equal to EUR 281 billion per year.

Themes of Energy Lending Policy



Unlocking energy efficiency



Decarbonising energy supply



Supporting innovative technologies
and new types of energy infrastructure



Securing the enabling infrastructure

Themes of Energy Lending Policy



Unlocking energy efficiency



Overall objective: EU, energy efficiency target of 32.5% by 2030. Outside the Union, the UN SDG seek to double the global rate of improvement in energy efficiency by 2030

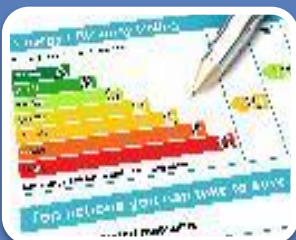


EE first principle: Energy efficiency concerns all sectors of the economy and hence is relevant across the Bank's activities.



To be eligible on energy efficiency grounds, a project needs to demonstrate credible energy savings compared to a baseline.

Themes of Energy Lending Policy



Unlocking energy efficiency



An initiative to increase the renovation rates of buildings;



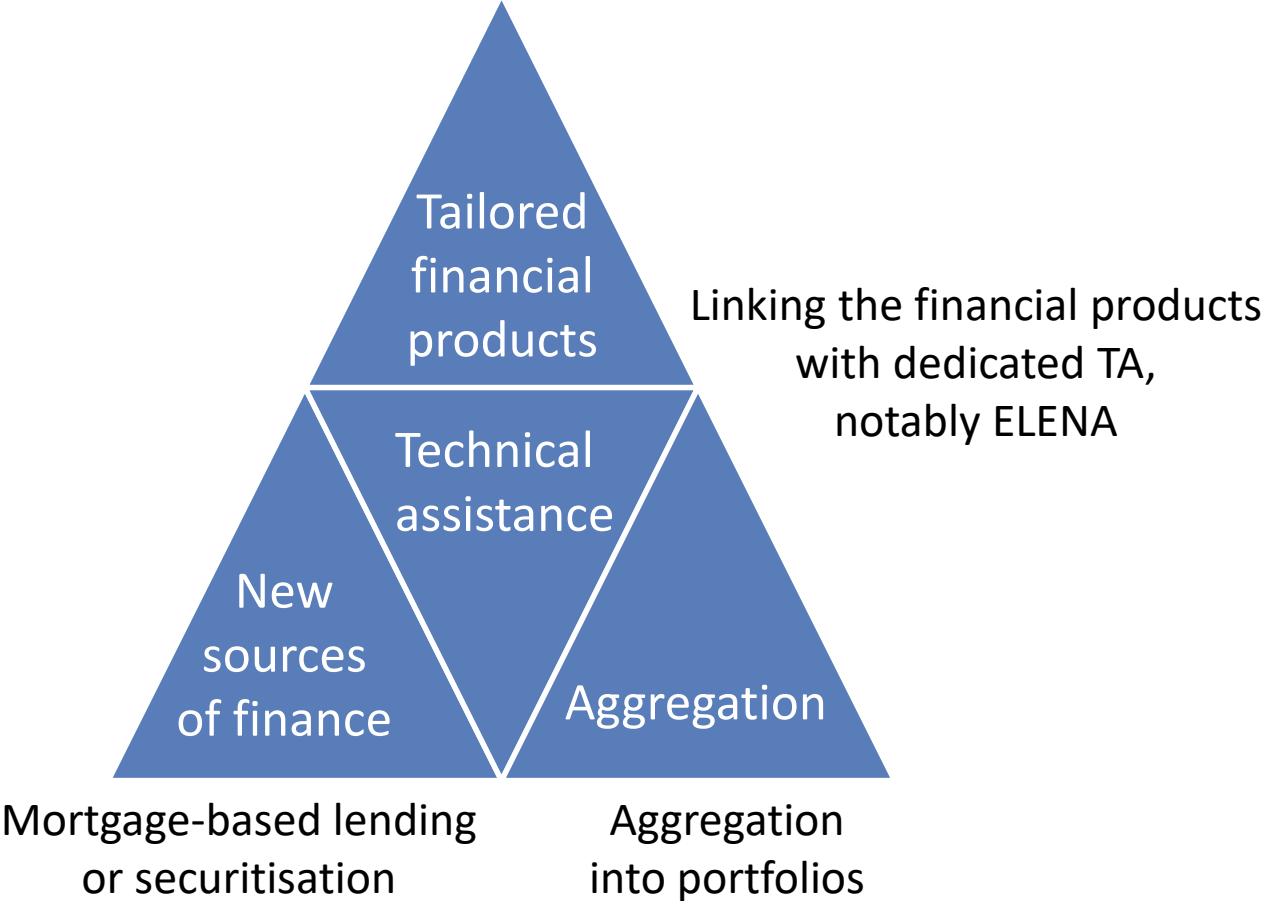
Support for high levels of energy performance in new buildings



Energy efficiency investment by SMEs and industry

To accelerate the uptake of energy efficiency investment, the Bank will finance up to 75% of the eligible portfolio capital cost;

Initiative for Building Renovation (EIB-R)



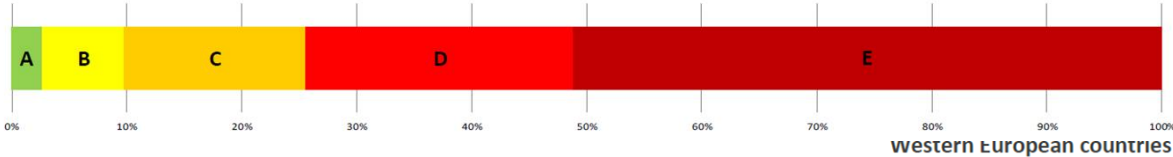
Initiative for Building Renovation (EIB-R)



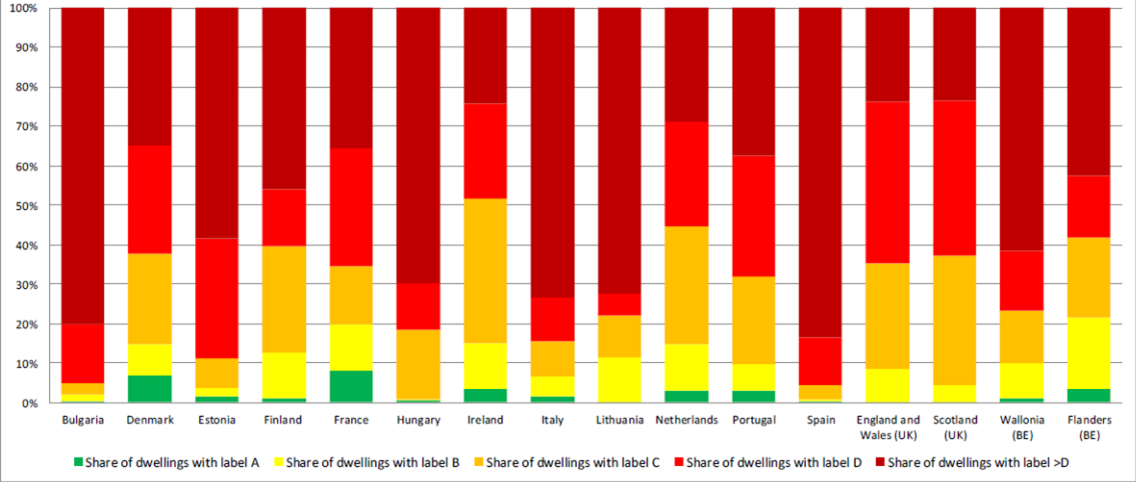
97% OF BUILDINGS IN THE EU NEED TO BE UPGRADED

Factsheet

Distribution of the building stock in the EU per EPC class

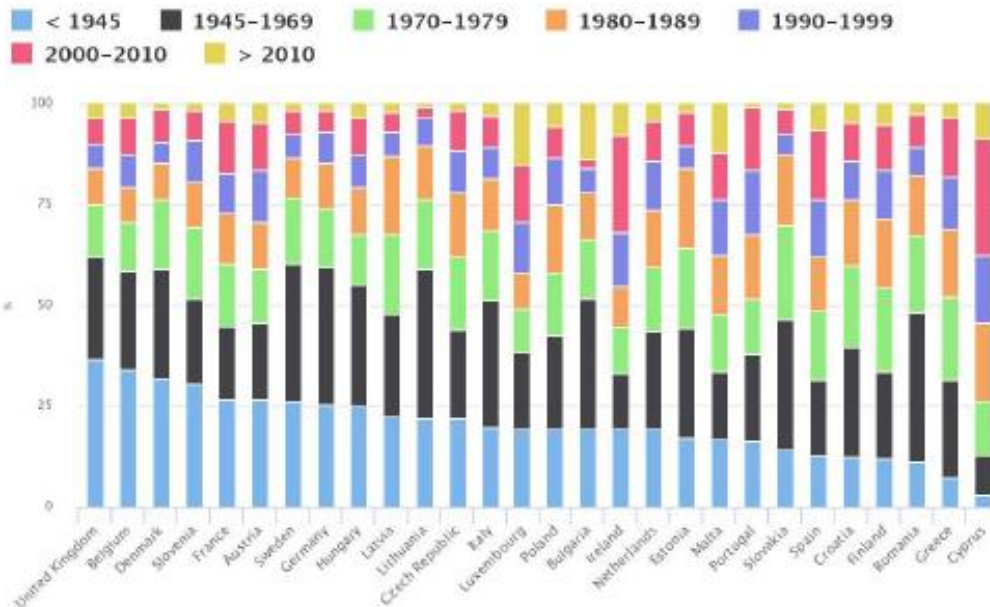


Distribution of the building stock in the EU per EPC class



Initiative for Building Renovation (EIB-R)

: Breakdown of residential building by age category (2014)



- Buildings built today or after will only represent 10-25% of the buildings stock in 2050
- The overall energy performance of the stock will be largely determined by the capacity to renovate and improve the energy performance of the existing buildings.

Possible areas for EIB support in Romania (for discussion)

➤ Technical and Financial Advisory:

- Energy Efficiency: preparation of EE investment programs in buildings through ELENA and exploring the potential for new dedicated EE financial instruments

➤ Loans:

- Energy Efficiency : EE investment program in buildings (e.g. Multi-family Residential Buildings)

Conclusions

- Wide range of financial products and advisory services
- Strong expertise in the energy sector covering all dimensions (economics/finance, policies, technologies)
- Ready to support Romania's energy transition – NECP/NES as starting point for discussion
- Energy finance workshop as platform for future collaboration

Thank you!

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EIB energy lending policy: Supporting the energy transformation

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