EIB SUPPORT OF RENEWABLE AND ENERGY EFFICIENCY IN THE EU

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1. Energy investment trends in the EU
2. The EIB energy strategy
3. Renewable energy
4. Energy efficiency
5. RE/EE and the Structural Funds
1 Energy investment trends in the EU

- EU energy objectives will lead to a substantial expansion of energy investments, notably in RE and EE
- Policy uncertainties can impede the realisation of these investments
- Renewable energy investments around EUR 600-800 bn up to 2020
- Potential investments in EE probably larger than for RE
- Large investment needs to replace/renovate existing power stations and grids
2.1 The EIB energy strategy

- EIB has a strong expertise in energy
- Integration of energy as a new priority objective in the Corporate Plan
- Lending targets for 2007 (to be increased in coming years):
  - Energy lending: 4 bn EUR
  - RE lending: minimum 800 M EUR in the EU,
  - But RE lending over 1.5 bn EUR inside and outside the EU in 2007
2.2 Five priority lending areas

1. Renewable energy
2. Energy efficiency
3. RDI in energy
4. Security and diversification of internal supply, including Trans-European Energy Networks
5. External energy security and economic development (Neighbour and Partner countries)
3.1. Renewable energy in the EU: Issues

- Clear and stable policy support frameworks
- Availability of explicit subsidies in some cases
- Small and medium sized projects
- Equity and funding needs expanding fast
- Financial intermediaries’ capacity to assess project risks
- Financing often based on project finance techniques
- Tight renewable energy supply markets, such as for wind and PV
- Electricity grid capacity to handle RE variability
- Innovative enterprises often undercapitalised and underfunded
3.2. Renewable energy: EIB actions in the EU

- Increase lending targets for renewable energy in the COP
- Adapt our lending criteria: mature and emerging RE
- Keep strong technical, economic and financial expertise
- Financing up to 75% of project cost
- Develop a battery of instruments, covering all levels of risk up to equity type risks
- Instruments for small projects (frameworks, dedicated credit lines, etc)
- Specific instruments for RDI projects: RSFF
- Carbon funds
- Jaspers, Jessica and Jeremie supporting RE
4.1. Energy efficiency (EE): some issues

- EE often part of other investments or cannot be physically separated from other objectives (production increase, quality, etc.)
- EE investments generally small
- Conditions of access to electricity grids, particularly for CHP
- Substantial barriers to develop the EE potential:
  - Access to information
  - Hidden costs
  - Split incentives e.g. house rental
  - Access to financing e.g. low incomes
- Subsidies play often a role to develop the potential: to overcome barriers or long pay backs (e.g. for building envelopes)
4.2. Energy efficiency: EIB actions in the EU

- Better define EE projects to focus activities in this area
- Further develop expertise
- Mainstream EE considerations in all projects
- Financing up to 75% of project costs
- Develop specific financial instruments, notably for small projects and combining technical assistance/advice with grants
- Develop innovative instruments, notably risk sharing instruments
- Partnerships with institutions related to EE, such as EE agencies or ESCOs
- Jaspers, Jessica and Jeremie supporting EE
5. RE/ EE and the Structural Funds: Some issues from our experience

- Support authorities to overcome obstacles: regulatory framework for RE or for EE
- Develop a pipeline of EE and RE: market studies
- Facilities to support small investments, combining adapted financing with grants and TA, when required
- Develop model cases (suitable projects, grant rates, etc) and transfer of approaches
- Non eligibility of investments in housing that are not part of an urban development plan, is blocking major investments
- Integration of EE and RE considerations in all projects supported by SF