EIB Energy Lending Policy review

Public Consultation Meeting
Brussels, 25th February 2019
EIB is an important energy investor

Lending
- EUR 12-14bn per year
- 15% outside EU

Blending
- EFSI
- InnovFin

Advising
- ELENA
- Advisory hub
EIB lending to energy (2013-17)

36% to renewables

24% to energy efficiency

36% for energy networks
Impact

- 284 operations featuring EE investments in buildings & 64 ELENA TA contracts in 22 countries
- > 43 GW of power plants since 2013
- 42 energy innovation projects
- 30 projects of common interest in the EU
- > 12m customers with access to power outside EU*

* Including off-grid solar systems
Clean energy for all Europeans

- Minus 40% emissions
- 32.5% energy efficiency
- 32% renewables
- 15% electricity interconnections
- Governance
  - ACER
  - Risk Prep
- Electricity Directive and Regulation
Implications for EU energy investments

Energy investment in long term decarbonisation scenarios
(EUR bn per year)

Source: European Commission (LT strategy)
Key themes of the consultation

- Energy efficiency first
- Decarbonising power and heat
- Innovative technologies & business models
- Securing the enabling infrastructure
- Outside EU
Energy efficiency
Q5: In the case of new buildings, do you have an opinion on the proposed approach to support only buildings that go beyond the mandatory nZEB standard after 2021? What level of ambition should the Bank focus upon, inside and outside the EU?

Q6: The Bank has developed a number of financial and technical assistance products to help promote energy efficiency in private and public buildings. Have you had any experience with these products? If so, do you have a comment or opinion as to how they can be further developed or improved?

Q7: Do you have lessons learned to share in order to improve the financing of energy efficiency in SMEs? Is technical assistance an important dimension? If so, do you have any views as to which type of technical assistance that is the most effective to provide?

- Buildings
- Technical assistance
- SMEs
Decarbonising Power and Heat
Decarbonising Power and Heat

- Market-based renewables

- Emission Performance Standard

Q8: Declining costs and competitive auctions are transforming a number of renewable markets (e.g. onshore wind, utility-scale PV). How can the Bank best support these relatively mature technologies? In the context of increasing market integration, is there a need for financial instruments to help attract long-term private finance?

Q9: Does the EPS for power generation remain an appropriate safeguard? Do you agree that adjustment should be made to support flexibility and adequacy? In light of recent developments in renewables, the Paris Agreement and the Sustainable Development Goals, would an exemption to the EPS for power plants in least developed countries continue to be justified?
Innovative technologies & business models
Innovative technologies & business models

- **Storage, demand response**

- **Innovation**

- **Expensive technologies**

Q10: Are there ways in which the Bank could provide more targeted support to distributed resources (demand response, small-scale generation and storage projects)? Are new business models or technologies emerging in this context, with specific financing needs? Is the Bank’s portfolio of financial products and instruments adequate to support this technological transition?

Q11: The Bank has developed a number of products – both financial and advisory - targeted to supporting innovative energy projects. Do you have a view on these instruments? Can the Bank improve or better target the financing needs of the energy demonstration sector?

Q12: Some renewable technologies or applications remain relatively expensive. Should the Bank continue to finance such projects, even in the absence of an innovative component?
Securing the enabling infrastructure
Securing the enabling infrastructure

- Electricity networks
- Gas infrastructure
- Hydrocarbon production

Q13: In light of the long-term nature of the network development plans, which type of projects should the Bank focus upon? In addition to PCIs, should the Bank prioritise newer investment types, for instance in digital technologies?

Q14: What is your view on the investment needed in gas infrastructure to meet Europe’s long-term climate and energy policy goals, while completing the internal energy market and ensuring security of supply? What approach could strike the right balance to prevent the economic risk of stranded assets?

Q15: Should the Bank refrain from supporting hydrocarbon production, in addition to exploration? If so, should gas be treated the same as oil? Within and outside the EU?
Outside EU

- Sustainable development goals

Q16: Where can the Bank most usefully focus its support – either financial or advisory – to meet the Sustainable Development Goals outside the EU and better support the scaling up of renewables, energy efficiency and electricity grids in a developing country context?
Questions for consultation: general

- Trends
  Q1: Do [the consultation document] provide a reasonable characterisation of the long-term energy transformation? Are there additional dimensions that the Bank should consider when reviewing its Energy Lending Policy?

- Climate
  Q2: As set out in [the document], the Bank believes it has a robust framework to ensure that energy projects being financed are compatible with long-term climate targets. Do you agree? Are there areas where the Bank can improve?

- Impact
  Q3: Within the broad areas of renewables, energy efficiency and energy grids, are there particular areas where you feel the Bank could have higher impact?

- Affordability
  Q4: How can EIB reinforce its impact towards ensuring affordability, addressing social and regional disparities and support a just energy transformation?
Next steps

- **8 Jan.**
  - Publication of consultation document
  - Public meeting in Brussels

- **29 March**
  - Deadline for submitting written contributions

- **Second quarter**
  - Internal review

- **Third quarter**
  - Publication on EIB’s website
    - (at least 15 days before Board approval)

Contact: elpconsultation@eib.org
Thank you
EIB energy financing: breakdown by sectors

EIB lending, breakdown by sectors (2013-2017)

- Energy Efficiency: 36%
- Renewable Energy: 24%
- Electricity Networks: 23%
- Gas Networks: 13%
- Security of supply*: 4%

*Note: Security of supply includes all activities related to energy security, such as energy storage, demand response, and network resilience.
Purpose of the consultation meeting

• The purpose of today’s meeting is to answer to questions on the consultation document

• Answers to the consultation will be analysed and will contribute to define the future EIB Energy Lending Policy (autumn 2019)
## Power generation capacity

### Power generation capacity financed by EIB (2013-2018)

(Each segment or a bar represents the capacity of one project)

<table>
<thead>
<tr>
<th>Category</th>
<th>MW</th>
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<tbody>
<tr>
<td>Renewable projects in the EU</td>
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<tr>
<td>Renewable projects outside EU</td>
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<tr>
<td>Conventional energy outside EU</td>
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<tr>
<td>Conventional energy in the EU</td>
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25/02/2019
Levelised cost of electricity of onshore wind and solar PV projects financed, sample (2013-2018)
PCIs remain a priority

Location of projects of common interest: PCIs TEN-E and PMI projects financed by EIB
Outside EU: mandate-driven lending

Energy lending outside the EU, 2013-2017 (EUR bn)

Breakdown by regions

- Mediterranean countries: 1.9
- Asia (incl. Central Asia): 1.7
- Latin America: 1.4
- Russia, E.Europe: 1.1
- Sth. Caucasus: 0.9
- ACP States: 0.7
- Candidate countries (& Potential candidate): 0.7
- EFTA: 0.5
- South Africa: 0.4
Trends in the energy transformation

Supply

- Cost reduction of wind and solar PV
- Decentralisation
- Reduction of fossil-fuel use

Digital

Demand

- Energy efficiency
- Electrification of heat and industry
- Clean mobility

Energy sector Transformation
Energy transformation and EU policy

GHG emission trajectory in a 1.5°C scenario

Source: European Commission (LT strategy)