

**Annual Press Conference 2007****Briefing Note No 06****The Bank promoting European objectives**

Luxembourg, 8 February 2007

Promoting Sustainable, Competitive and Secure Energy**Policy objective**

The European Investment Bank has decided to reinforce its financing for renewable energy, energy efficiency, and the security of energy supply, recognising energy-related financing as a new strategic lending priority both inside and outside Europe.

Energy has moved to the top of the EU policy agenda, in relation to security of supply and climate change considerations as well as competitiveness, and the EU is establishing new policies for the sector. The European Commission's Green Paper "A European Strategy for Sustainable, Competitive and Secure Energy" (March 2006) and the more recent "Strategic Energy Review" (January 2007) have both emphasized the need to take effective actions to address climate change, promote jobs and growth and enhance security of supply in the internal market.

Policy background

In order to support the energy objectives of the EU, the EIB has set some new targets:

- a global annual amount in the order of EUR 4bn for projects belonging to a least one of the five priority areas described below;
- an annual sub-target of EUR 600m-800m for renewable energy projects with, as at present, 50% of EIB lending to electricity generation associated with renewable energy technologies.

Value added remains the key guiding principle for EIB operations also in energy related projects. This will include the recourse to innovative financial instruments and structures, where appropriate, as well as technical assistance contributions, in cooperation with the Commission and other International Financial Institutions.

The EIB will concentrate on five priority areas:

Renewable energy

- Diversify the portfolio of EIB financed energy projects by:
 - developing less mature markets both in the EU and outside
 - favouring the deployment of less developed renewable energy sources, such as solar and biomass

Energy efficiency

- Ensure that the most energy efficient solutions are used in the projects the Bank finances
- Expand the financing of energy efficiency projects, particularly concerning projects by the public sector and small and medium-sized enterprises, as well as housing and Combined Heat and Power projects)

Research, development and innovation

- Support the European Technology Platforms devoted to energy and research infrastructures. Through tailored financing instruments, the EIB is able to finance high-risk research, development and innovation promoters who may previously not have had access to EIB finance

Diversification and security of internal supply

- Support projects contributing to diversification at EU level, notably:
 - Trans-European Energy Network projects
 - electricity and gas grids
 - gas/oil storage facilities
 - power stations

External energy security and economic development

- Support a pan-European Energy Community with neighbouring countries
- Enhance security of energy in the EU
- Develop the pipeline of climate change projects
- Improve access to modern sources of energy by the population

Perspectives for future

The implementation of EIB energy objectives will be supported by the introduction of new tailor-made financial instruments and the innovative use of recently established ones which allow the EIB to invest in high-risk projects and combine EIB finance with EU grants. In addition, the provision of advisory services such as technical assistance in cooperation with the Commission and other International Financial Institutions will continue to be a target for the EIB.

The EIB Economics and Finance Conference, held on 25 January 2007, focused on energy issues, highlighting the Bank's renewed drive in this area in 2007. The next annual EIB Forum planned for 27-28 September 2007 will be dedicated to "Investing in energy, mastering climate change" and will gather all interested European parties to work together to develop further a common European energy policy.

Activity in 2006

In 2006, the EIB signed loans totalling nearly EUR 3bn for projects within the EU in the energy sector. Outside the EU, about EUR 1bn went to energy projects in Turkey, the Mediterranean and ACP partner countries.

In 2006, renewable energy projects signed in the EU totalled EUR 463m (EUR 460m in 2005), bringing the total amount for EIB financed renewable energy projects in the last 5 years to over EUR 2.2bn.

Signatures for Trans-European Energy Network projects in 2006 totalled EUR 321m. The signature pipeline for the first quarter of 2007 is strong and the EIB is well on-line for the annual target of investment of EUR 0.5-1bn in these pan-European energy projects.

A Commission review of the funding of Trans-European Energy Networks in 2006 praised the work of the EIB in supporting the Community financing of pan-European energy projects to date. Updated guidelines on the Trans-European Energy Networks by the Commission in September 2006 included 42 projects identified as "Trans-European Network projects of European interest". The EIB is involved in most pan-European priority gas projects and hopes to increase involvement in particular in electricity investment in the future.

Case Studies

ANDASOL Solar Thermal Power (Spain)

The project is the first large scale application of a concentrating solar thermal power generation plant in the EU. The plant will be developed in a wide valley north of the Sierra Nevada, some 60 km south-east of Granada in Spain. The area benefits from relatively high annual average solar radiation, availability of groundwater for cooling and ready access to the high voltage electricity grid. The project is based on a new generation of parabolic solar technology.

The project promotes EU energy policy by the use of indigenous renewable energy and contributing to national and EU efforts to combat climate change. It is also expected to demonstrate a new generation of concentrating solar power (CSP) technology, including several components that justify support under the EIB's Innovation 2010 Initiative.

Turkey-Greece Gas Interconnector

Signed in February 2006, the EIB's EUR 22m loan to the Public Gas Corporation of Greece (DEPA) has facilitated the construction and operation of an 85 km-long gas transmission pipeline that will link the Greek and Turkish national gas systems between Komotini in Greece and Kipi at the Greek/Turkish border.

Designated a priority Trans-European Energy Network project of common European interest, its purpose is to import natural gas from Turkey and other sources, to improve the security of Greece's supplies, and to provide capacity for the potential future transit of gas to neighbouring countries.

For further information on the EIB, visit its website www.eib.org.

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