



**European
Investment
Bank**

The EU bank



NER300 MONETISATION

Argus European Emissions Markets 2015

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- ❖ The European Investment Bank (EIB) is the bank of the European Union.
- ❖ Our shareholders are the 28 members of the EU.
- ❖ The Bank borrows money on the capital markets to be on-lent to projects in line with EU policy objectives.
- ❖ We are the world's largest multilateral lender by volume, with loans totaling EUR 76bn in 2014.
- ❖ Support climate action is a priority for EIB and in 2014 EUR 19bn of financing (accounted for 25% of total lending) was dedicated to finance projects in favour of climate change mitigation.

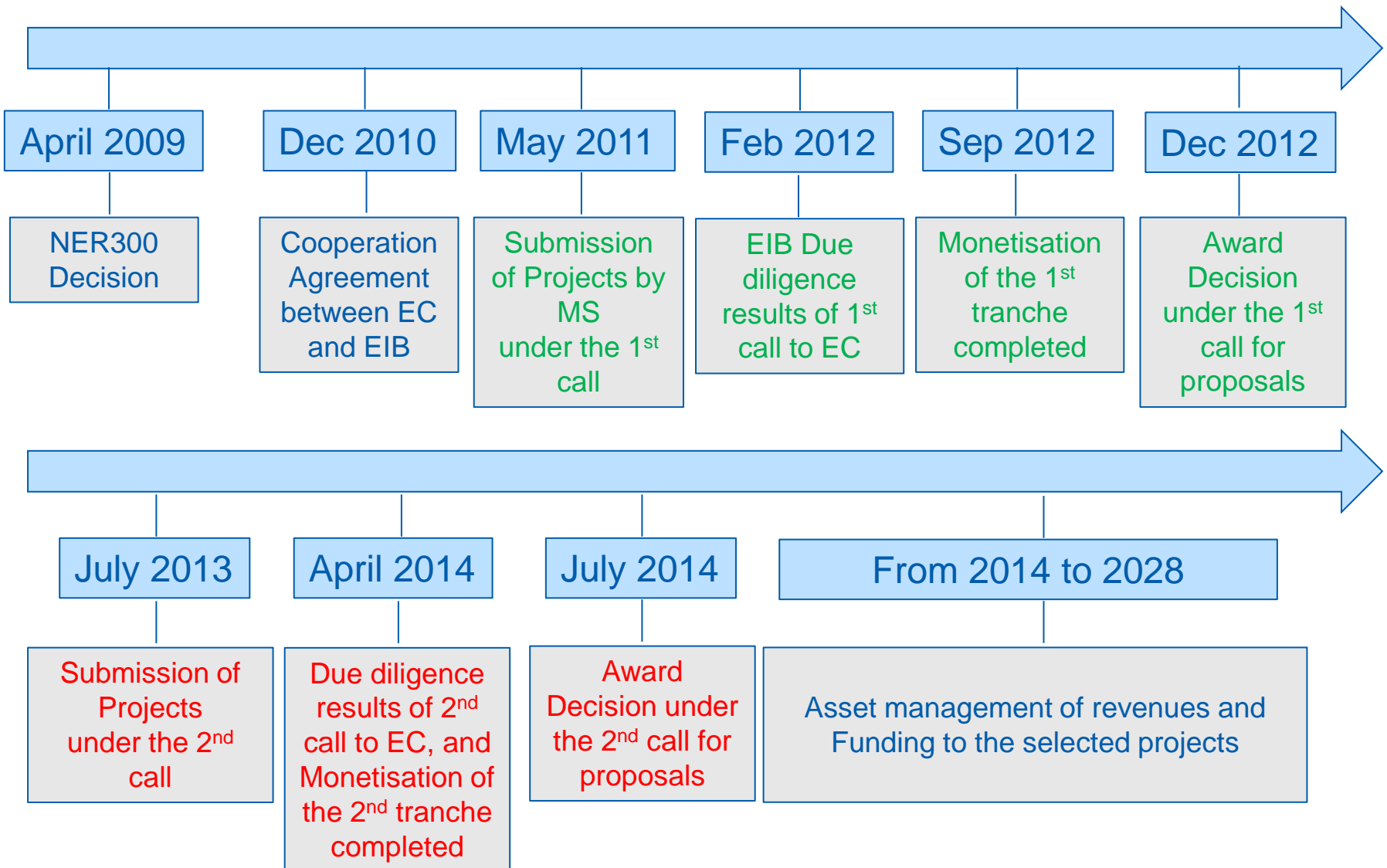


- The EIB supports the European Commission (EC) as an agent in the implementation of the NER 300 initiative – a funding programme for carbon capture and storage demonstration projects and innovative renewable energy technologies.

- Roles of EIB in the implementation of NER300:
 1. Technical and financial due diligence in the appraisal of projects submitted by Member States for funding;

 2. Monetisation of the 300 million EUAs set aside in the New Entrants Reserve of the EU Emissions Trading System for the initiative + subsequent asset management of these funds until final disbursement to projects.

NER300 Timeline



Monetisation summary



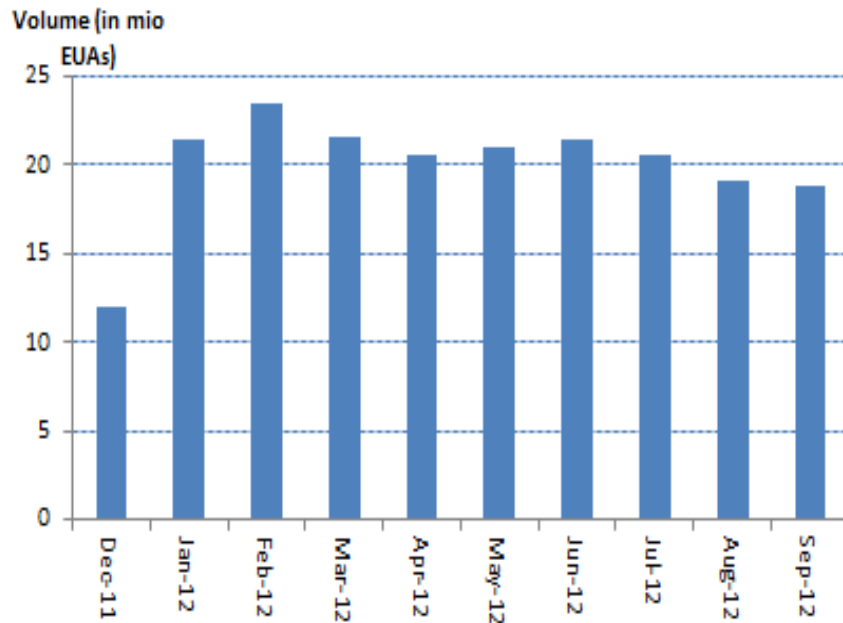
Summary of EU Allowances sold	
Reporting period	05/12/2011 – 11/04/2014
EU Allowances sold (#)	300,000,000
Value of allowances sold (EUR)	2,156,830,800
Average price per allowance sold so far (EUR)	7.19

- ❖ Sales occurred in two tranches:
 - first tranche of 200m EUAs – 05 December 2011 to 28 September 2012
 - second tranche of 100 m EUAs – 14 November 2013 to 11 April 2014
- ❖ The first tranche has been sold for a total amount of EUR 1.6 billion. The second tranche for EUR 550 million.
- ❖ The EIB sold 210.55 million EUAs on a forward basis with delivery in December 2013 and the remaining 89.45 million EUAs with delivery in December 2014.

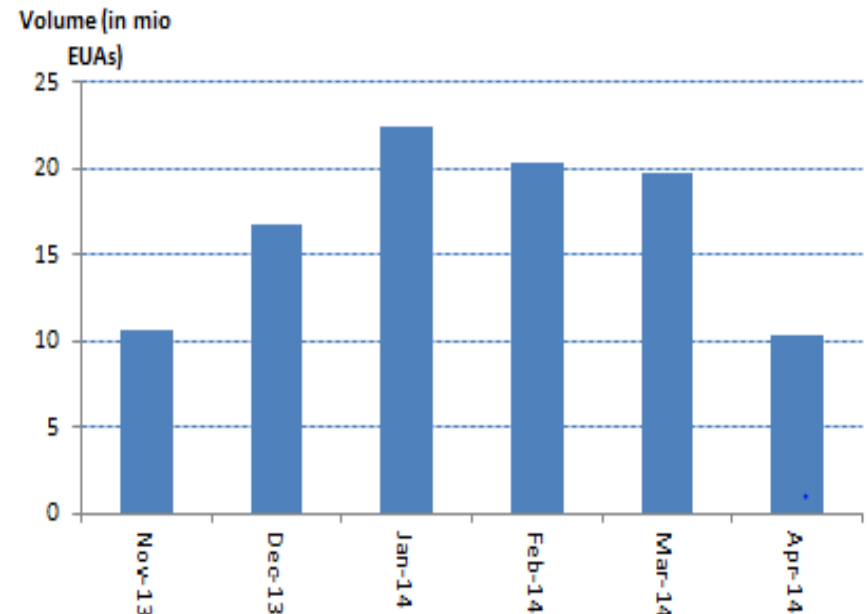
Monetisation – Volume distribution



Sales per month first tranche
(December 2011-September 2012, in million EUAs)



Sales per month second tranche
(November 2013-April 2014, in million EUAs)

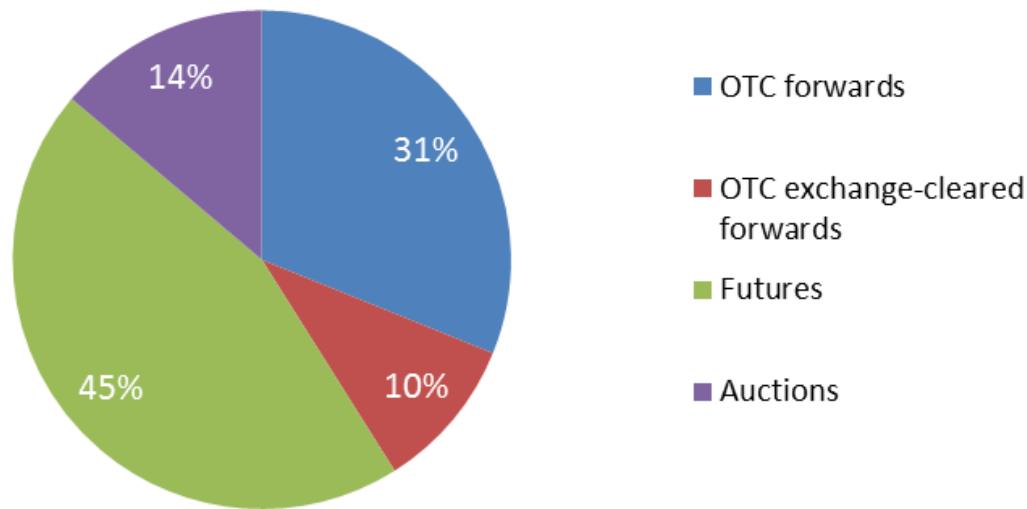


- ❖ EIB sold on average 20m EUAs per month.
- ❖ Sales volume was adjusted to reflect available trading days and liquidity.

Monetisation – Sales Channels

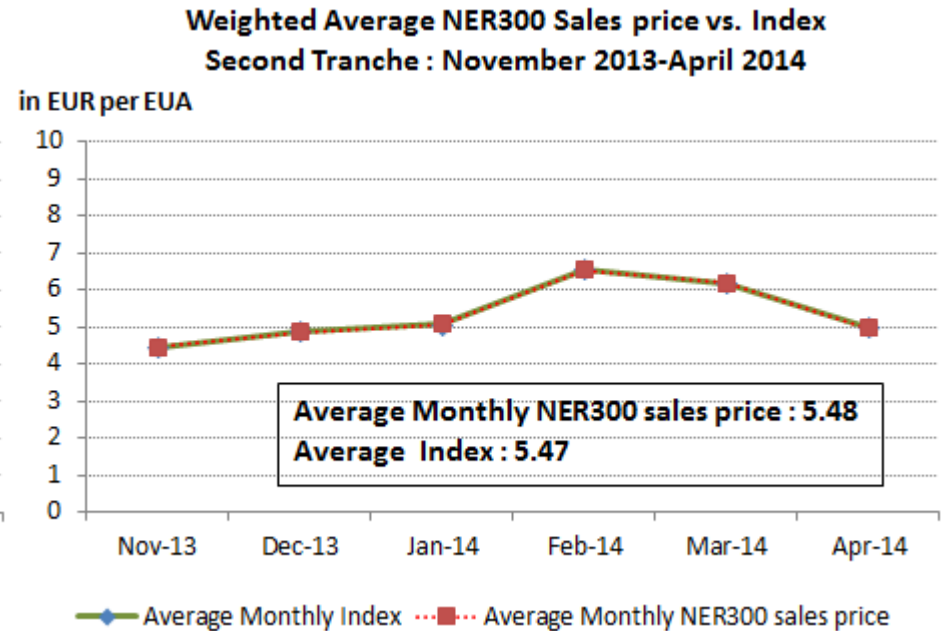
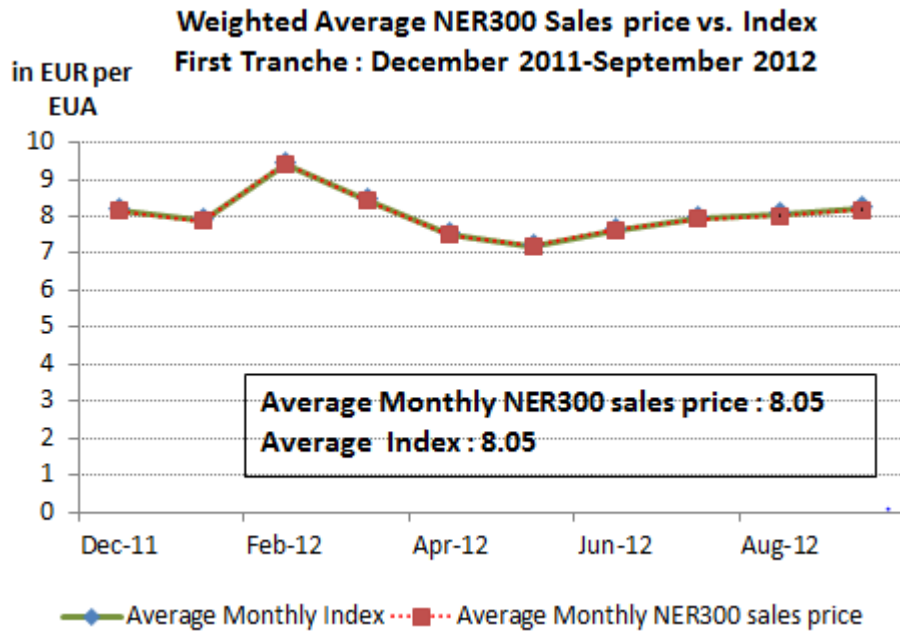


Volume sold per sales channel



- ❖ The EIB consulted leading market participants and industry groups on what instruments to use.
- ❖ The vast majority recommended a combination of different instruments.

Monetisation – Sales Prices



- ❖ EIB used the Volume Weighted Average Price as quoted on ICE as a benchmark for the NER300 sales.
- ❖ EIB achieved average sales prices in line with such benchmark.

Projects Funding



	Projects Submitted	Projects Awarded
1st Call	79	23
2nd Call	33	19
Total	112	<u>42</u>

- ❖ Funding awarded is capped at 50% of extra costs (investment and operating) due to the application of an innovative renewable energy technology.
- ❖ NER300 supports projects in different categories such as bioenergy, concentrated solar power, geothermal power, photovoltaics, wind power, ocean energy, smart grids and one carbon capture and storage (CCS).

NER300 : Current status



- ❖ Two projects received the first funding in 2014.
- ❖ NER300 asset management has started with the receipt of all proceeds.
- ❖ Amendment of the first Award decision in January 2014 (change of some project dates and upfront-funding requests).
- ❖ Amendment of the NER300 decision in February 2015 which extends the project implementation period by two years (i.e. at the latest final project investment decision to happen 4 years and start of project operation 6 years after NER300 award).
- ❖ At completion of the NER300 disbursements to projects, the funds in excess, if any, will be returned to Members States.



Further resources

- For more information on the NER300 sales, please visit: <http://www.eib.org/ner300>
- NER300 monetisation reports: <http://www.eib.org/products/advising/ner-300/reports.htm>
- For an NER300 sales inquiry, please contact Mr. Maurizio Cudemo or Mr. Thomas Ribarits (e-mail addresses M.Cudemo@eib.org or T.Ribarits@eib.org)
- For press inquiries, please contact Richard Willis at r.willis@eib.org