

FAQ - the European Energy Efficiency Fund

Why is a European Energy Efficiency Fund being launched?

The Council of Ministers and the European Parliament agreed in December 2010 to a European Commission proposal, made the same year in May, to allocate approximately EUR 146 million from the European Energy Programme for Recovery (i.e. 3.7% of the total EEPR envelope) towards a new financial facility dedicated to sustainable energy. The facility, to provide both finance for projects and technical assistance, was subsequently developed jointly by the Commission and European Investment Bank.

What is the volume of the European Energy Efficiency Fund ?

The fund has an initial volume of EUR 265 million, consisting of: EUR 125 million from the EEPR, EUR 75 million from the European Investment Bank, EUR 60 million from Cassa Depositi e Prestiti SpA and EUR 5 million from the investment manager, Deutsche Bank. The Fund aims to attract other public and private investors. Its final size will depend on additional investors (public and/or private) and the eventual investment portfolio.

What type of investment projects will the Fund support?

The EEE-F will invest in energy saving, energy efficiency and renewable energy projects, particularly in urban settings, achieving at least 20% energy saving or [GHG/CO₂] emission reduction. Sustainable energy investments promoted by local, regional and (where justified) national public authorities, could include: energy saving measures in public and private buildings; investments in high efficient combined heat and power (CHP), including micro-cogeneration and district heating/cooling networks; investment in decentralised renewable energy sources, including micro-generation; clean urban transport; the modernisation of infrastructure, such as street lighting and smart grids, as well as investment in sustainable energies with a potential for innovation and growth.

Who can apply for funding?

Potential beneficiaries are public authorities (e.g. municipalities), preferably at local and regional level, and public or private companies, which are acting on behalf of those public authorities, such as local energy utilities, Energy Service Companies (ESCOs), district heating combined heat and power (CHP) companies or public transport providers. Projects and technical assistance (TA) requests are eligible as from 1st January 2011 and may thus be financed on a retroactive basis from that date.

What finance and additional services will the EEE-F offer?

The EEE-F, which will be managed by Deutsche Bank, will offer a wide range of financial products such as senior and junior loans, guarantees or equity participation. In addition, about EUR 20 million of the EEPR funding will be made available as grants for project development services (technical assistance) related to the preparation of projects. Finally, awareness-raising activities for national/regional authorities managing cohesion/structural funds in the field of sustainable energy are also envisaged (for about EUR 1 million).

How does the support for technical assistance relate to the existing ELENA - European Local Energy Assistance - facility?

The technical assistance offered under the new facility targets investment projects which will be financed by the fund. The cost of these investment projects can be smaller than EUR 50 million.

The existing ELENA facility (www.eib.org/elena), which was launched jointly in December 2009 by the Commission and the European Investment Bank, provides grants covering up to 90% of the technical assistance costs for local authorities preparing sustainable energy investment programmes greater than EUR 50 million. ELENA does not provide finance towards final investment costs but prepares projects for financing by other sources of public or private finance.

How can project promoters apply for finance and/or technical assistance?

Those interested in applying for funding should contact Silvia Kreibiehl at the fund managers, Deutsche Bank (silvia.kreibiehl@db.com). Applicants will have to provide a project proposal complying with the scope and the objective of the Fund, the eligibility and selection criteria and the EU legislation applicable to the specific area of the project (e.g. Buildings directive or Renewable Energy directive). Technical assistance grants may be offered for project development services, including financial advice. Applications for grants will be aligned with the rules under the ELENA facility.

What structure does the Fund take?

The fund is a SICAV (Societe Investissement Capital Variable) established under Luxembourg law. The fund will have a supervisory board and a management board. Each board will initially have four representatives.