

EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
Project name	EAC VASILIKOS CCGT UNIT 6
Promoter and financial intermediary	ELECTRICITY AUTHORITY OF CYPRUS
Country of implementation	Cyprus
Summary project description	<p>The Project comprises the design, construction, operation and maintenance of a 130 to 160 MWe Combined Cycle Gas Turbine (CCGT) power plant using natural gas as its main fuel, and distillate as a backup fuel.</p> <p>The Emissions Performance Standard (EPS) of the plant is estimated at around 380 gCO₂/kWh, which is below the previous Energy Lending Criteria (ELC) threshold of 550 gCO₂/kWh, but above the current threshold of 250 g/CO₂/kWh. In the event of a natural gas interruption, the use of distillate backup fuel would give rise to an EPS of around 510 gCO₂/kWh.</p> <p>The specific technology provider has not been selected at this point, as the Tender for procurement of the plant was only launched on June 16, 2020. Notwithstanding, the technical specification stipulates the supply of a state of the art, fully functional CCGT Unit of nominal capacity between 130MW - 160MW to be installed on a turnkey basis, comprising a 2+1 configuration, i.e. two gas turbines, 2 heat recovery steam generators, and one steam turbine.</p> <p>Natural Gas for the plant will be supplied from the Gas Import Facility, which is being developed in parallel with the CCGT project.</p>

¹ This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy		High
Cross-cutting objectives		
EIB Cohesion Priority Regions / Economic and Social Cohesion		100.00%
EFSI		
Contribution to EFSI		100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities		100.00%
Other development of the energy sector in accordance with the Energy Union priorities		100.00%

Pillar 2

Quality and soundness of the project		Good
1. Growth		[...]
2. Promoter capabilities		[...]
3. Sustainability		[...]
4. Employment		[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of up to four indicators, as relevant, among which:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;
- (iii) "Sustainability" i.e. environmental and social sustainability²;
- (iv) "Employment" i.e. the project's direct employment effect;
- (v) "Increasing access to finance and improving financing conditions including for final beneficiaries".

Pillar 3

EIB Technical and financial contribution to the project		Moderate
1. Financial contribution		[...]
2. Financial facilitation		[...]
3. Advice		[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through up to three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor);
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments;
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer - provided in-house by the EIB or in the form of assignments to external consultants - to facilitate the preparation or implementation of a project.

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

Pillar 4 - Complementary indicators

Additionality

In line with the EFSI objective of development of the energy sector in accordance with the EU priorities and namely the development and modernization of energy infrastructure, the financing of a new-generation gas turbine in Cyprus will support the shift of the country to a greener source for energy generation. The operation will also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

Conventional power generation projects, such as the proposed project, contribute towards increasing security of supply by reducing the risk of blackouts. Security of supply can be considered as a public good. The Project allows as well for the reduction of carbon externalities by facilitating switching to a less carbon-intensive fuel. The operation will address a suboptimal investment situation linked to the unavailability of long-term financing in the Cyprus market for strategic, capital-intensive projects with a long economic life.

The project will fall under the EIB Special Activities category, in particular taking into account that the envisaged long-term financing will be proposed on unsecured basis, at a time when the promoter is facing COVID-19 economic effects and the local energy market's liberalisation. As such, the EIB would not be able to provide financing on given terms during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The financing provided by the EIB is expected to provide a quality stamp on the project given the significant investment amount and the terms associated with it, which demonstrates the confidence in the promoter's strategy and the importance of such investment for a progressive transition of Cyprus towards cleaner energy sources, securing the country's energy supply. Similar projects in the future may therefore benefit from private financing, which to date was not readily available in the market for such type of projects.

This is the first EIB financing under EFSI for security of energy supply investments in Cyprus.

Set of indicators related to the macroeconomic environment

Cyprus - Economic environment

Economic Performance

	CY 2018	EU 2018	US 2018	CY 2001-2007
GDP per capita (EUR, PPS)	26,504.30	30,935.11	43,569.11	27,246.26
GDP growth (%)	3.88	1.97	2.86	4.28
Potential GDP growth (%)	1.91	1.60	2.24	3.65
Output gap (% of potential GDP)	2.77	0.62	0.74	3.34
Unemployment Rate (%)	7.50	6.60	3.90	4.36
Unemployment Rate (%) - Y/Y change (% points)	-2.90	-0.60	-0.20	-0.11
Bank-interest rates to non-financial corporations (%)	3.40	1.26	--	--
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.11	-0.06	--	--
Investment rate (GFCF as % of GDP) - Total	19.41	20.54	20.84	21.86
Investment rate (GFCF as % of GDP) - Public	5.52	2.86	3.31	3.55
Investment rate (GFCF as % of GDP) - Private	13.89	17.68	17.53	18.31

Energy

	2014	2015	2016	2017	EU (latest available)
Energy consumption from renewables (%)	8.93	9.38	9.34	9.85	17.53
Energy consumption from renewables - distance to EU 2020 target (%)	4.07	3.62	3.66	3.15	2.47
Energy dependence (%)	93.40	--	--	--	53.50
Primary energy consumption (consumption in 2005 =100)	89.40	91.20	97.50	--	90.00
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	--	--	--	--	141.83
Primary energy consumption (Million Tonnes of Oil Equivalent)	2.20	2.20	2.40	--	1,542.70
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	0.00	0.00	0.20	--	59.70

General Sector Indicators

	2014	2015	2016	2017	EU (latest available)
Value added in Electricity, gas, steam and air conditioning supply (% of total VA)	1.48	1.68	1.64	1.83	1.82
Employment in Electricity, gas, steam and air conditioning supply (% of total employment)	0.41	0.38	0.35	0.34	0.54

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial cooperations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007

- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

Other indicators³

Key project characteristics	Expected value at PCR
Start of works	31.03.2021
End of works	30.06.2023
Project investment cost [MEUR]	152.06 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	136.50 MEUR
External EFSI multiplier	1.80
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	0.00 MEUR
Quick start (% of expenditure during 2015-2018) [%]	
Co-financing with national promotional banks [MEUR]	0.00 MEUR
Co-financing with structural funds (ESIF) [MEUR]	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) [MEUR]	
Energy efficiencies realised [MWh/a]	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs [person years]	500 person years
Employment during operation - new permanent jobs [FTE]	21 FTE

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report. If applicable, a difference between the amount of Project investment costs and EIB/EFSI eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.