

## EFSI Operation Scoreboard<sup>1</sup>

PROJECT PRESENTATION	
<b><u>Project name</u></b>	ICICLE WIND FARM
<b><u>Promoter and financial intermediary</u></b>	EDP RENOVAVEIS SA
<b><u>Country of implementation</u></b>	Portugal
<b><u>Summary project description</u></b>	<p>The project comprises the design, construction and operation of two new, medium-scale wind farms in Portugal, with a total nominal capacity of ~125 Mega Watt (MW). In total, the project comprises 31 turbines of two different suppliers and unit size (3.6 MW and 4.2 MW). Hub heights and rotor diameter of the turbine type are adapted to each of the wind farm site conditions. Depending on its location, each wind farm will be connected to either the high (HV) or medium voltage (MV) network, thus being connected respectively to the Transmission System Operator or Distribution System Operator network. Electrical equipment such as internal array cabling and transformers (LV/MV) and civil works (foundations, access and internal roads) are part of the project scope.</p> <p>The project benefits from a Feed-In-Tariff ("FiT") scheme developed in 2005. In this year, the Portuguese government launched a tender procedure to award connection concessions to the public grid totalling 1600 Mega Volt Amps (MVA). The tender, which was open to international and domestic competitors, was split into three phases: (i) phase A of 1000 MVA (2006); (ii) phase B of 400 MVA (Feb/2007); and (iii) phase C of 200 MVA (July/2007).</p> <p>The Bank has supported promoters who have won licenses in phase A. Phase B of the tender was partially developed until 2016 by an entity other than the project promoter. The promoter acquired the licenses of the remaining undeveloped capacity in 2016 (in which the project was included). The implementation of this capacity was severely delayed for various reasons, such as consequences of the financial crisis and regulatory uncertainties.</p>

<sup>1</sup> 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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].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
<b>Cross-cutting objectives</b>		
EIB Cohesion Priority Regions / Economic and Social Cohesion		100.00%
Climate Action		100.00%
<b>EFSI</b>		
Contribution to EFSI		100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities		100.00%
Expansion of the use or supply of renewable energy		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 sustainability<sup>2</sup>;
- (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		Significant
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.

<sup>2</sup> 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 the development of the energy sector in accordance with the EU priorities and namely the expansion of the use or supply of renewable energy (RE), this operation will contribute to reducing carbon and air pollution externalities. As a RE project, 100% of the operation is expected to contribute to EIB's Climate Action objective. Equally, the operation will address the objective of supporting less-developed regions and transition regions as 100% of the operation will be deployed in Cohesion regions. The operation will thus also contribute to the Union priorities on convergence and social cohesion, helping reduce regional disparities by supporting investment.

Low-carbon power projects reduce carbon and air pollution externalities, which are unpriced market failures. The project will generate electricity from renewable energy sources thus it will contribute to environmental and climate objectives, contributing to the reduction of fossil fuels' energy generation. The operation will address sub-optimal investment situations related to the RE sector in Portugal, generated by the reluctance of financial investors to enter the market due to economic and regulatory uncertainty. Such situation is leading to under-capacity exploitation and the risk of missing RE 2030 targets.

The project will fall under the EIB Special Activities category, as the proposed loan will be extended to a newly created SPV on a non-recourse project financing basis, at a longer tenor than the one usually available via other commercial lenders. The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI. Through such long-term financing structure, the EIB will help to fulfil the existing market gap for FIT RE projects.

The financing provided by the EIB with the support of EFSI is expected to result in a quality stamp on the project, signalling the financial viability to other commercial lenders. Therefore, the proposed EIB commitment is expected to crowd in private-sector resources to reach a satisfactory catalytic effect. The Bank will also provide its technical expertise in the analysis, structuring and negotiation of the project in order to reach a satisfactory financial close within a short timeline.

While the promoter is a well-known counterparty to the Bank, the proposed loan will be the first EIB investment in Portugal for a FIT RE scheme under EFSI.

## Set of indicators related to the macroeconomic environment

### Portugal - Economic environment

#### Economic Performance

	PT 2018	EU 2018	US 2018	PT 2001-2007
GDP per capita (EUR, PPS)	23,782.76	30,935.11	43,569.11	23,148.81
GDP growth (%)	2.13	1.97	2.86	1.20
Potential GDP growth (%)	1.58	1.60	2.24	1.44
Output gap (% of potential GDP)	1.22	0.62	0.74	-0.01
Unemployment Rate (%)	6.60	6.60	3.90	7.80
Unemployment Rate (%) - Y/Y change (% points)	-1.30	-0.60	-0.20	0.56
Bank-interest rates to non-financial corporations (%)	2.33	1.26	--	4.56
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	0.80	-0.06	--	-0.05
Investment rate (GFCF as % of GDP) - Total	17.05	20.54	20.84	24.06
Investment rate (GFCF as % of GDP) - Public	1.97	2.86	3.31	4.16
Investment rate (GFCF as % of GDP) - Private	15.09	17.68	17.53	19.90

#### Energy

	2014	2015	2016	2017	EU (latest available)
Energy consumption from renewables (%)	26.99	28.03	28.42	28.12	17.53
Energy consumption from renewables - distance to EU 2020 target (%)	4.01	2.97	2.58	2.89	2.47
Energy dependence (%)	71.60	--	--	--	53.50
Primary energy consumption (consumption in 2005 =100)	83.00	87.10	88.90	--	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)	20.60	21.70	22.10	--	1,542.70
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	-1.90	-0.80	-0.40	--	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)	2.50	2.90	2.85	2.46	1.82
Employment in Electricity, gas, steam and air conditioning supply (% of total employment)	0.17	0.19	0.18	0.18	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 indicators<sup>3</sup>

Key project characteristics	Expected value at PCR
Start of works	01.06.2020
End of works	31.10.2021
Project investment cost [MEUR]	126.54 MEUR
EIB/EFSI eligible investment mobilised [MEUR]	121.40 MEUR
External EFSI multiplier	1.87
External EIB (non-EFSI) multiplier	
Amount of private financing [MEUR]	61.54 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	100.00% Mitigation - Renewable Energy (transversal)
Employment during construction - temporary jobs [person years]	560 person years
Employment during operation - new permanent jobs [FTE]	2 FTE

<sup>3</sup> 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.