



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

<b>PROJECT PRESENTATION</b>	
<b><u>Project name</u></b>	FORESIGHT LOW CARBON ENERGY INFRASTRUCTURE FUND
<b><u>Promoter and financial intermediary</u></b>	FORESIGHT GROUP LLP
<b><u>Country of implementation</u></b>	Regional – EU Countries
<b><u>Summary project description</u></b>	<p>The proposed operation concerns an investment in Foresight Energy Infrastructure Partners, an infrastructure equity fund with a target size of GBP 500m. The Fund aims to support the EU's clean energy transition by investing not only in renewable energy generation projects but also into renewables supporting infrastructure. This includes flexible generation to ensure security of supply in times of low renewable energy generation but also transmission and distribution infrastructure to adapt the electricity grid to the distributed nature of renewable energy. At least 80% of the Fund will be invested in greenfield projects and the remainder in operational projects. The Fund will invest in technically and commercially proven renewable energy technologies and possibly up to 10% in development stage assets and in less-proven technologies such as tidal power and floating wind (up to 5%). The Fund will invest, as a minimum, 60% of its capital in EIB-eligible investments.</p> <p>The operation is considered innovative and high value added given the support to infrastructure sectors that will be crucial for the clean energy transition, such as flexible generation and energy storage, but are still rarely covered by mainstream renewable energy funds. An EIB investment would furthermore send a very strong signal to other investors that currently assess the Fund. Many of the targeted institutional investors are smaller local pension funds, to whom a significant EIB investment would be a precondition for their commitment given the inclusion of less mature sectors, such as energy storage and less mature renewable energy technologies. For this reason, the Fund Manager approached the EIB over a year ago to become a cornerstone investor.</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 the 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	Significant
<b>Cross-cutting objectives</b>	
Climate Action	60.00%
<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	60.00%
Development and modernization of energy infrastructure (in particular interconnections, smart grids at distribution level, energy storage and synchronisation of networks)	40.00%

### 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 four indicators which include:*

- (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.

### 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 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***

This project will make a substantial contribution to several key aspects of EU energy policy as the new Fund to be supported by EIB financing under EFSI will invest mainly in greenfield renewable energy operations and also in less mature sectors, such as flexible generation and energy storage, and less mature technologies, such as tidal power and floating wind, all of which supports a successful energy transition.

The low-carbon projects to be invested in by the Fund are facing a market failure since their climate change mitigation benefits are not internalized by investors.

The European renewable energy sector, though characterised by the availability of liquidity for operating assets, lacks of equity funding for the development and construction phases of renewable energy projects, even when the technologies used are mature. In addition the Fund addresses also less mature energy technologies for which the perceived risks are much higher than in established renewable energy sectors and considered too risky by many investors. The Fund's investment in the sector would provide much needed equity to new projects.

Due to this higher level of risk described above, the EIB would not normally assume equity risk at significant scale in such assets absent of the support of EFSI. An EIB investment in the Fund will furthermore send a very strong signal to the investors that currently assess the Fund. Many of the targeted institutional investors are smaller, local pension funds, which indicated that a significant EIB investment would be a requirement for their commitment given the specific profile of the projects to be supported. The EIB will therefore act as a cornerstone investor in the Fund. Moreover, the investment of the Fund itself will catalyse the financing of other investors in the underlying projects.

## Set of indicators related to the macroeconomic environment

### Regional - EU countries - Economic environment

#### Economic Performance

	EU 2016	EU 2016	US 2016	EU 2001-2007
GDP per capita (EUR, PPS)	29,440	29,440	42,615	28,710
GDP growth (%)	1.9	1.9	1.6	2.3
Potential GDP growth (%)	1.3	1.3	2.1	2.1
Output gap (% of potential GDP)	-0.75	-0.75	-0.03	1.0
Unemployment Rate (%)	8.2	8.2	4.7	8.5
Unemployment Rate (%) - Y/Y change (% points)	-0.8	-0.8	-0.3	-0.26
Bank-interest rates to non-financial corporations (%)	1.4	1.4	1.8	3.9
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.21	-0.21	-1.4	-0.02
Investment rate (GFCF as % of GDP) - Total	19.7	19.7	19.6	21.4
Investment rate (GFCF as % of GDP) - Public	2.7	2.7	3.4	3.1
Investment rate (GFCF as % of GDP) - Private	17.0	17.0	16.2	18.3

#### Energy

	2013	2014	2015	2016	EU (latest available)
Energy consumption from renewables (%)	15.2	16.1	16.7	--	16.7
Energy consumption from renewables - distance to EU 2020 target (%)	4.8	3.9	3.3	--	3.3
Energy dependence (%)	53.1	53.5	--	--	53.5
Primary energy consumption (consumption in 2005 =100)	91.6	88.0	89.3	--	89.3
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	141.7	--	--	--	141.7
Primary energy consumption (Million Tonnes of Oil Equivalent)	1,570	1,508	1,530	--	1,530
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	86.9	25.3	46.6	--	46.6

#### General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	2.0
Employment in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	0.6

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms
- EU value for "Bank-interest rates to non-financial corporations" 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 at PCR
Start of works	01.01.2018
End of works	31.12.2021
Project investment cost	562.68 MEUR
EIB/EFSI eligible investment mobilised	1,357.00 MEUR
External EFSI multiplier	13.86
External EIB (non-EFSI) multiplier	
Amount of private financing	462.53 MEUR
Quick start (% of expenditure during 2015-2018)	45.00 %
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	60.00% Mitigation - Renewable Energy (transversal)
Employment during construction - temporary jobs	4,100 person years
Employment during operation - new permanent jobs	330 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.