



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	POLAND SOLAR POWER PROJECTS PROGRAMME
<u>Promoter or financial intermediary</u>	ACCEPTABLE CORPORATE(S), PRIVATE ENTITY(IES)
<u>Country of implementation</u>	Poland
<u>Summary project description</u>	<p>This Programme Loan (PL) is dedicated to support small-scale, geographically dispersed, photovoltaic (PV) plants in Poland. The PL might also support utility-scale PV installations should these emerge from the feed-in premium auctions. The PL is expected to support 6-7 separate clustered investments, with each cluster comprising multiple separate PV plants.</p> <p>All PV clusters supported under the PL will operate under a common regulatory framework. The 2015 Renewable Energy Act (RES Act) introduced competitive auctions for feed-in premium support for different categories of renewable energy projects. The first auctions for small-scale wind and solar installations (i.e. less than 1 MW) have already been held in 2016 and 2017; further auctions are anticipated still in 2018 and/or 2019. While the RES Act was amended in July 2018, it did not alter the core framework. Further auctions are considered to be necessary for Poland to reach its EU 2020 renewable energy target and beyond.</p> <p>The PL has been sized appropriately to reflect this uncertainty over auction timing. Based on some simplifying assumptions, the Bank estimates the size of the market for this PL to be between 160 MEUR to 460 MEUR of PV capital expenditure, where the lower bound assumes no further auctions. Each investment cluster will be subject to individual appraisal and approval is envisaged in appropriate stages following standard practice for project finance operations.</p> <p>The project cost of an individual cluster is generally expected to be in the order of 50 MEUR. Financing of a cluster will most likely be structured on a non-recourse (project finance) basis. Current market sounding suggests that each cluster will combine several financing vehicles (SPVs), whilst each one might itself own one or more PV installations. This results into a complex contractual structure for each cluster.</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 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 [...].

	<p>The project will install small-scale, grid-connected photovoltaic plants, installed on free land plots. It is expected that the installations will use International Electrotechnical Commission (IEC) standard PV modules, of similar type and capacity. IEC standard would indicate that the modules will reliably transform light to current, even in the case of diffuse or low solar irradiation.</p>
--	---

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	High
Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	100.00%
Climate Action	100.00%
EFSI	
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 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 sustainability²;*
- (iv) "Employment" i.e. the project's direct employment effect.*

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 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 developing the energy sector in accordance with the EU priorities, the operation contributes to the expansion of the use or supply of renewable energy (RE) in Poland. All investments shall be located in a country eligible under the EU Cohesion Policy, thus also contributing to the Union priorities on convergence and social cohesion. The operation will contribute 100% to climate action objectives and to the achievements of the Polish 2020 targets for reducing CO2 emissions, which require additional renewable energy capacity to become operational in the upcoming years. Overall, the operation will also support employment creation and catalyse investments.

With the support of EFSI, under this PL, the EIB shall support different private promoters across Poland specialising in RE development and investments, which would mostly be new counterparts for the Bank. In particular, the EIB will support them in adapting to the recent regulatory shift to competitive bidding auctions for additional RE capacity.

The operation addresses clear market failures and sub-investment situations in the largely untapped RE sector in the country. In fact, it addresses a fundamental failure of fossil-fuelled energy production, i.e. emissions of greenhouse gases. The operation is also addressing a gap in affordable long-term finance for RE generation in Poland, which hinders such investments making decarbonising Poland's power sector a particularly significant challenge. To this end, Poland is making significant efforts to improve energy efficiency and to diversify the country's energy mix, amongst which via this operation under EFSI.

The operation is expected to fall under the EIB's Special Activity category, taking into account its novel form of project finance during the technical life of the assets. Due to the expected riskiness of the operation, the loan could not have been provided to the same extent by the EIB without EFSI support. EFSI support to the deployment of the auctioned PV plants is essential in providing the necessary comfort to the market and attracting private investments. In this sense, the EIB acts as a cornerstone financier in this project, and the successful implementation of this PL could trigger further investments in the sector.

Set of indicators related to the macroeconomic environment

Poland - Economic environment

Economic Performance

	PL 2016	EU 2016	US 2016	PL 2001-2007
GDP per capita (EUR, PPS)	20,365	29,440	42,615	14,639
GDP growth (%)	2.7	1.9	1.6	4.1
Potential GDP growth (%)	2.7	1.3	2.1	3.8
Output gap (% of potential GDP)	-0.29	-0.75	-0.03	-1.9
Unemployment Rate (%)	5.5	8.2	4.7	16.4
Unemployment Rate (%) - Y/Y change (% points)	-1.4	-0.8	-0.3	-1.2
Bank-interest rates to non-financial corporations (%)	3.7	1.4	1.8	6.3
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.05	-0.21	-1.4	0.47
Investment rate (GFCF as % of GDP) - Total	18.1	19.7	19.6	19.6
Investment rate (GFCF as % of GDP) - Public	3.3	2.7	3.4	3.3
Investment rate (GFCF as % of GDP) - Private	14.7	17.0	16.2	16.3

Energy

	2013	2014	2015	2016	EU (latest available)
Energy consumption from renewables (%)	11.4	11.5	11.8	--	16.7
Energy consumption from renewables - distance to EU 2020 target (%)	3.6	3.5	3.2	--	3.3
Energy dependence (%)	25.6	28.6	--	--	53.5
Primary energy consumption (consumption in 2005 =100)	106.1	101.7	102.7	--	89.3
Energy intensity of the Economy (kg of oil equivalent per 1 000 EUR)	294.2	--	--	--	141.7
Primary energy consumption (Million Tonnes of Oil Equivalent)	93.0	89.2	90.0	--	1,530
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	-3.4	-7.2	-6.4	--	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 indicators³

Key project characteristics

	Expected at PCR
Start of works	01.06.2018
End of works	31.12.2020
Project investment cost	208.83 MEUR
EIB/EFSI eligible investment mobilised	209.32 MEUR
External EFSI multiplier	2.00
External EIB (non-EFSI) multiplier	
Amount of private financing	104.41 MEUR
Quick start (% of expenditure during 2015-2018)	
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	100.00% Mitigation - Renewable Energy (transversal)
Employment during construction - temporary jobs	450 person years
Employment during operation - new permanent jobs	50 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.