



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	RESEAU DE CHALEUR GRENOBLE METROPOLE
<u>Promoter or financial intermediary</u>	COMPAGNIE DE CHAUFFAGE INTERCOMMUNALE DE L'AGGLOMERATION GRENOBLOISE
<u>Country of implementation</u>	France
<u>Summary project description</u>	<p>The Project will support a 5-year investment programme to further develop the Grenoble District Heating (DH) network, the second biggest in France. The Project includes investments in heat generation upgrades aiming at increasing efficiency and penetration of renewable sources and also distribution network developments.</p> <p>The main purpose of the investments is to develop and optimize the heat supply services to better serve the existing and future heating demand in the Métropole with a growing renewable share (based on urban waste and biomass). The Project will reduce CO2 and other local air pollutants emissions, by replacing individual smaller, fossil fuel fired heating boilers in residential and public buildings and by modernising heat generation assets (e.g. replacing coal with biomass to reduce the coal share in the mix from ca. 20% to 5%). The Project will include upgrades of generation capacity (26% of total costs) as well as extension and modernization of distribution networks (69% of total costs). Minor IT related investments are also included.</p> <p>The Promoter is the present operating company, CCIAG (La Compagnie de Chauffage Intercommunale de l'agglomération Grenobloise), which recently won the international tender from the Grenoble Métropole to operate the DH for the next 15 years (starting in July 2018) under a "Délégation de Service Public" contract (i.e. via a concession).</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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
Climate Action	94.00%
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	21.00%
Other development of the energy sector in accordance with the Energy Union priorities	79.00%

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	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.*

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 objectives of supporting development of energy infrastructure and expansion of the use or supply of renewable energy, this operation will promote the development of the district heating network of the Grenoble Métropole area. The project will address investments in heat generation upgrades with the aim of increasing energy efficiency and use of renewable resource as well as reducing the CO₂ and other local pollutants emissions. As such, the operation will support EFSI's climate action target.

The operation will support investments in more efficient power and heat supply by facilitating switching to a less carbon-intense fuel. By saving demand for electricity and heat, energy efficiency projects reduce carbon externalities, as well as, in most cases, air pollution and other negative externalities. Furthermore, the economic life of heat infrastructure is significantly longer than the tenor of loans that are typically available on domestic capital markets, thereby contributing to addressing a financial market failure. The borrower is facing a sub-optimal investment situation as access to adequate financing (i.e. sufficient amount, tenor and availability period) needed to support this project is not readily available and prevents it from deploying its investments under the scale and timeline that would be appropriate.

The operation falls under the Special Activity category of the EIB, in particular taking into account that the envisaged EIB financing with EFSI support will be an unsecured loan, which will present a longer tenor and availability period than other lenders creating a further structural subordination. 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.

The EIB will be providing long-term financing with an unsecured structure, which is expected to result in a quality stamp on the project. This shall help crowding-in private sector financing. EIB financing is expected to increase commercial lenders confidence in the operation and confirm their own engagement in the financing. By supporting this project, the EIB would give a strong signal to other promoters in the energy sector facing suboptimal investment situations that EIB with the support of EFSI could potentially help to rectify.

The operation will be the first for the EIB with the promoter.

Set of indicators related to the macroeconomic environment

France - Economic environment				
Economic Performance				
	FR	EU	US	FR
	2016	2016	2016	2001-2007
GDP per capita (EUR, PPS)	30,910	29,440	42,615	30,572
GDP growth (%)	1.2	1.9	1.6	1.9
Potential GDP growth (%)	1.1	1.3	2.1	1.8
Output gap (% of potential GDP)	-1.3	-0.75	-0.03	1.9
Unemployment Rate (%)	10.1	8.2	4.7	8.5
Unemployment Rate (%) - Y/Y change (% points)	-0.1	-0.6	-0.3	-0.19
Bank-interest rates to non-financial corporations (%)	1.2	1.4	1.8	3.5
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.19	-0.21	-1.4	0
Investment rate (GFCF as % of GDP) - Total	21.9	19.7	19.6	21.7
Investment rate (GFCF as % of GDP) - Public	3.4	2.7	3.4	3.9
Investment rate (GFCF as % of GDP) - Private	18.4	17.0	16.2	17.8

Energy					
	2013	2014	2015	2016	EU (latest available)
Energy consumption from renewables (%)	14.1	14.7	15.2	--	16.7
Energy consumption from renewables - distance to EU 2020 target (%)	8.9	8.3	7.8	--	3.3
Energy dependence (%)	48.0	46.1	--	--	53.5
Primary energy consumption (consumption in 2005 =100)	94.5	90.2	92.0	--	89.3
Energy Intensity of the Economy (kg of oil equivalent per 1 000 EUR)	143.0	--	--	--	141.7
Primary energy consumption (Million Tonnes of Oil Equivalent)	246.0	234.8	239.4	--	1,530
Primary energy consumption (Million Tonnes of Oil Equivalent) - distance to EU 2020 target	26.1	14.9	19.5	--	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	01.07.2018	
End of works	30.06.2023	
Project investment cost	60.10 MEUR	
EIB/EFSD eligible investment mobilised	58.80 MEUR	
External EFSD multiplier	1.96	
External EIB (non-EFSD) multiplier		
Amount of private financing	18.10 MEUR	
Quick start (% of expenditure during 2015-2018)	1.00 %	
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	15.00% Mitigation - Renewable Energy (transversal) / 79.00% Mitigation - Energy Efficiency (transversal)	
Employment during construction - temporary jobs	375 person years	
Employment during operation - new permanent jobs	9 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/EFSD eligible investment mobilized might derive from the fluctuation of the underlying exchange rate.