Luxembourg, 11 December 2018

EFSI Operation Scoreboard[1]

PROJECT PRESENTATION	
Project name	JSW COKE PRODUCTION EFFICIENCY
Promoter or financial intermediary	JASTRZEBSKA SPOLKA WEGLOWA SA
Country of implementation	Poland
Summary project description	The project is embedded into the promoter's business strategy for 2018–2030 formulated at the end of 2017. It addresses coking plant modernisation and energy efficiency measures (there is no investment in mines included in the project). The project covers investments for the years 2018 to 2021, which aim at modernising the promoter's coking plants, leading to significant environmental and resource efficiency improvements. It will enable installations to reach full compliance with Best Available Technology principle, and cater for early fulfilment of anticipated legislative requirements with regard to environment. The project will also allow the promoter to increase its self-sufficiency in terms of energy supply - electricity, heat and steam. All in all the envisaged investments supported by the proposed EIB operation are expected to enable the promoter to stay competitive in the medium and long-term in the steel industry value chain, a volatile and capital intensive yet core industry in Europe. The project consists of the following main sub-projects: (i) Replacement of a coke oven battery which had come to the end of its useful life; (ii) Modernization and extension of two coke oven gas treatment installations; (iii) Rail and coal storage infrastructure extension and adaptation at one coking plant location; (iv) Construction of a CHP (combined heat and power) plant of 28 MWe and 37 MWth capacity to increase the use of coke oven gas; (v) Installation of several (14) gas engines of 48 MWe and 42.3 MWth capacity to make use of methane derived from coal seam degasification.

[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5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol […].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	High

Cross-cutting objectives	
EIB Cohesion Priority Regions / Economic and Social Cohesion	100.00%
Climate Action	51.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Development of the energy sector in accordance with the Energy Union priorities	51.00%
Energy efficiency and energy savings (with a focus on reducing demand through demand side management and the refurbishment of buildings)	51.00%
EFSI: Environment and resource efficiency	49.00%
Other environment and resource efficiency	49.00%

Pillar 2

Quality and soundness of the project	Excellent

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[2];
(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

This operation addresses a number of EU and EFSI objectives. Firstly, it supports the EFSI objective of energy efficiency and energy savings through the utilization of energy of waste gases, which will otherwise be lost during production. It will also support the EFSI objective of environment and resource efficiency as the investment will enable application of modern coke oven technology in the promoter's coking plants. These installations will reduce emissions and improve resource efficiency by making use of coke oven gas in the production of electricity, useful heat and steam, increasing the recovery of by-products, improving production efficiency, producing cleaner off-gases and lowering emissions of particulate matter. Moreover, the investment will contribute towards the company's self-sufficiency in covering its demand for electricity, heat and steam.

Equally, the operation is considered 51% climate action and will ensure a significant reduction of CO_2 emissions thus contributing to EU and Polish climate action objectives. The project responds to the EU's Raw Materials Initiative and ensuing policies as the investments will support a sustainable supply of coking coal, a key raw material from EU sources essential for its steel industry. Finally, the project will be fully implemented in a Polish cohesion region thus supporting the strengthening of the EU's economic, social and territorial cohesion.

The project addresses a market failure by supporting the strengthening of the EU's economic, social and territorial cohesion. In addition, through saving demand, energy efficiency projects reduce carbon externalities, as well in most cases air pollution and other negative externalities. The project addresses a sub-optimal investment situation of the promoter caused by insufficient access to finance in a less developed region. The EIB loan will help to accelerate the borrower's investment projects under the scale and timeline that would be appropriate.

The operation has an increased risk profile and as such, is expected to fall under the EIB's Special Activity category. This is principally due to high sector risk, the substantial outlay the investments represent which is significant compared to their very long economic life and payback period requiring long-term funding generally not available to the promoter as well as the effective subordination of the EIB loan with the EFSI support to other lenders. 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 a longer tenor than the other lenders and, therefore, will be effectively subordinated to existing and envisaged new financing. This is expected to significantly reinforce the promoter's financing structure and debt capacity, thereby providing comfort to co-financiers and helping to attract senior funding from other investors. Also the loan provided by the EIB under EFSI will demonstrate its confidence in the company's strategic plan and will be putting the quality stamp on its capex programme. Therefore, the EIB's participation in the project is expected to have a strong signaling effect to other potential lenders.

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

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

General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	2.0
Value added in Manufacture of coke and refined petroleum products (% of total)	--	--	--	--	0.2
Employment in Electricity, gas, steam and air conditioning supply (% of total)	--	--	--	--	0.6
Employment in Manufacture of coke and refined petroleum products (% of total)	--	--	--	--	0.1

- 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[3]

Key project characteristics

	Expected at PCR
Start of works	01.01.2018
End of works	31.12.2021
Project investment cost	235.60 MEUR
EIB/EFSI eligible investment mobilised	234.40 MEUR
External EFSI multiplier	2.34
External EIB (non-EFSI) multiplier	
Amount of private financing	90.60 MEUR
Quick start (% of expenditure during 2015-2018)	12.00 %
Co-financing with national promotional banks	20.00 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	1,672,778.00 MWh/a
Climate Action indicator	51.00% Mitigation - Energy Efficiency (transversal)
Employment during construction - temporary jobs	2,010 person years
Employment during operation - new permanent jobs	18 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.