The European Investment Bank

ELENA – European Local ENergy Assistance

ELENA is part of the EIB’s broader effort to support the EU’s climate and energy policy objectives. This joint EIB-European Commission initiative helps local and regional authorities to prepare energy efficiency or renewable energy projects. It is on track to mobilise more than EUR 1.6bn in investments over the next few years.

Supporting sound energy investments in cities and regions

Urban areas account for around 70% of the energy consumption of the EU, yet the potential for sustainable energy-related investments has until now remained largely untapped. The European Local Energy Assistance (ELENA) facility aims to help public authorities exploit this potential by improving the chances that their plans will be able to attract external finance.

Many cities and regions have recently started to prepare major energy efficiency and renewable energy proposals and have signed up to the Covenant of Mayors initiative (www.eumayors.eu), under which they undertake to go beyond the EU’s planned 20% cut in CO₂ emissions by 2020.

When it comes to implementation, the problem is not so much availability of finance as lack of know-how or capacity to implement large-scale projects. ELENA aims to encourage authorities to think ambitiously and develop energy efficiency and renewable energy projects that can be replicated across the EU.

A contract with the City of Paris was signed in 2010 to support the retrofitting of 300 schools in the French capital. The EUR 180 million investment will be implemented using energy performance contracts. The project should lead to over 30 GWh of energy savings, reducing CO₂ emissions by 6 500 tons annually.
Funding for ELENA comes from the European Commission’s Intelligent Energy Europe II (IEE) programme, with total commitments so far amounting to EUR 49m. The money is used to provide technical assistance to local and regional authorities seeking to implement their energy plans. ELENA funds can be used for structuring programmes, business plans and additionally needed energy audits, preparing tendering procedures and contracts, and paying for project implementation units. The EU contribution can cover up to 90% of eligible costs. Investment programmes can involve the improvement of energy efficiency in buildings or street lighting, the integration of renewable energy sources in buildings or the renovation or installation of district heating systems using combined heat and power or renewable sources. Urban transport programmes relating to enhanced energy efficiency, such as the introduction of energy-efficient buses or increased renewable energy use in transport (e.g. infrastructure for alternative fuel vehicles), are also eligible.

The aim is to generate bankable investment projects that can attract outside finance, for example from local banks or other financial institutions, such as the EIB. These projects can also be implemented by energy service companies (ESCOs), which are service providers that guarantee future savings made on energy bills and can fund projects upfront that are refinanced through the savings achieved.

The development of ESCOs in Europe is expected to help implement the EU’s Energy Services Directive, which obliges public authorities to improve energy efficiency and encourages the use of financial instruments for energy savings, such as third-party financing contracts and energy performance contracts. As the Commission’s Energy Efficiency Plan underlines, ESCOs can help public authorities to upgrade buildings by grouping them into scalable projects under energy performance contracts.

To learn more about ELENA, please visit www.eib.org/elenaportal.

1 ELENA can provide technical assistance in the EU Member States, Norway, Liechtenstein, Iceland, Croatia and FYROM.