The European Investment Bank – The EU Bank

Profile, Public policy goals and objectives

- European Union's long-term lending bank set up in 1958 by the Treaty of Rome
- A not-for-profit, policy driven institution
- Shareholders: 28 EU Member States
- Largest supranational lender: signatures in 2013 amounted to EUR 75bn (90% in EU)
- Supporting sound investments which foster EU policy goals

Growth and employment potential
- Knowledge economy
- Strategic transport (TEN-T)
- Competitive and secure energy
- Small and Medium Enterprises (SMEs)
- Urban renewal and regeneration (incl. health care)

Environmental sustainability
- Environmental protection
- Renewable Energy, Energy Efficiency
- Sustainable transport (urban, inter-urban)

Cohesion (primary, transversal)

Climate action (primary, transversal)

EIB and the Energy Sector

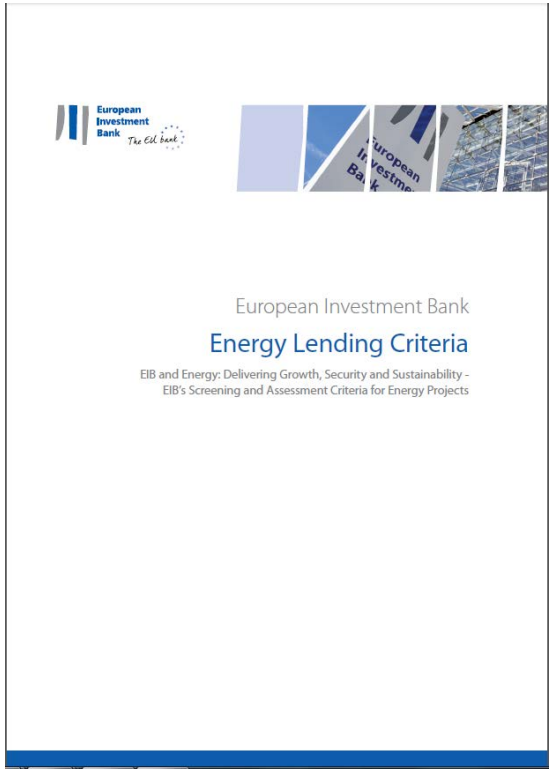
EIB's Screening and Assessment Criteria for Energy Projects

- Last comprehensive energy sector lending review 2007
  - Energy identified as priority objective
  - Renewable Energy and Energy Efficiency prioritised
  - Specific criteria for coal projects
- Energy sector lending over EUR 70bn and 500 projects since 2007
  - 15-20% total lending
  - 90% to EE, RE and networks
  - substantial technical assistance
- Significant part of Climate Action lending
- Extensive public consultation for review
  - Public meeting, > 80 written responses, Input from MEPs, member states, industry, NGOs and public authorities, Meetings with key stakeholders
  - Consultation report and matrix published

http://www.eib.org/about/partners/cso/consultations/item/public-consultation-on-eibs-energy-lending-policy.htm

EIB and the Energy Sector

Energy Sector Lending Review - Key Conclusions



- Review balances EU energy and climate policy objectives by:
  - Prioritising "no regrets" sectors:
    energy efficiency, renewable energy, networks and RDI
- Supporting other economic investments in the sector which promote EU policies where these are environmentally sustainable:
  - Emission performance standard for fossil fuel generation
  - Nuclear and shale gas projects screened for their environmental sustainability

http://www.eib.org/infocentre/publications/all/eib-energy-lending-criteria.htm

Fully aligned with EU energy and climate policy

Lending Criteria for financing RE

- DISTINCTION BETWEEN TECHNOLOGIES
  - **commercially mature RE technologies** =
    onshore wind, geothermal, hydro, CHP-biomass
  - **emerging RE technologies** =
    solar (CSP & PV), offshore wind; **maritime**

- ECONOMIC JUSTIFICATION
  - Identification of a benchmark for commercially mature technologies aiming at achieving compliance with an important EIB eligibility criteria ("economic viability")
  - Benchmark = Competitive to least-cost alternative of electricity of fossil-fuel alternative, Discounted power generation cost (EUR/MWh)

PROJECT APPRAISAL

ECONOMIC CRITERIA: COMMERCIALLY MATURE RE

- NPV of total project cost = NPV total revenues
- NPV of total project cost = $\sum_{i=1}^{n} \frac{c_i}{(1+rate)^i}$
- NPV revenues =
  Tariff T_i * annual power production P_i = $\sum_{i=1}^{n} \frac{T_i * P_i}{(1+rate)^i}$
- As T_i = const. for i=1,…n assumed, T_i is the discounted (levelised) production cost to cover total cost

- $T_i = \frac{\sum_{i=1}^{n} \frac{c_i}{(1+rate)^i}}{\sum_{i=1}^{n} \frac{P_i}{(1+rate)^i}}$

ECONOMIC VALUE OF RENEWABLE ENERGY