



THE ELENA FACILITY

Ralf Goldmann

European Investment Bank (EIB)

Covenant of Mayors Meeting

Brussels, 02 February 2009



European Investment Bank

Profile



The **European Investment Bank** is the European Union's long-term financing institution. The Bank **acts as an autonomous body** set up to finance capital investment furthering European integration by **promoting EU policies**.

- ❖ EIB has been created by the Treaty of Rome in 1958
- ❖ EIB is a **policy driven institution**
- ❖ EIB is owned by the 27 EU member states
- ❖ EIB has subscribed capital of EUR 164.8 bn
- ❖ EIB funds itself on the capital markets (2008: EUR 58 bn)
- ❖ EIB signed loans amounting to EUR 57 bn in 2008



Background:
Energy consumption in cities



- **Urban areas account for about 70% of the total primary energy demand of the EU**
- **Under the IEA reference scenario, urban energy consumption projected to increase twice the rate of the EU as a whole**
- **Cities consume a higher share of gas, electricity and heat than the EU average and a lower share of coal, oil and biomass**



Background: EU energy and climate change policy



- **The main way to achieve EU energy and CC objectives is by developing the Energy Efficiency (EE) and Renewable Energy (RES) potential**
- **A substantial part of this potential is in cities, notably buildings and urban transport**
- **Substantial investments to achieve the EU objectives:**
 - 600-700 bn EUR in 2005-2020 in RES
 - Investments in EE probably higher than in RES



European Local ENergy Assistance -- ELENA

- ❖ Energy and CC goals require cities to invest in **large-scale** EE/RES programmes;
- ❖ Key is to find **scaleable** and **replicable** investment models.
- ❖ Opportunities:
 - ❖ Large investment potential at local level (buildings; transport; local energy)
 - ❖ Significant subset of investments have positive NPV; ie grants not needed.
- ❖ Hurdles: cities often constrained by lack of:
 - ❖ fiscal space;
 - ❖ technical expertise, administrative barriers.



European Local ENergy Assistance -- ELENA

- ❖ EC-EIB cooperation to support local and regional authorities to reach 20-20-20 targets.
- ❖ Technical Assistance facility: managed by EIB; funded by EU budget (CIP/IEE programme).
- ❖ Application to Energy Efficiency; local renewables; clean urban transport.
- ❖ Market replication focus.
- ❖ Investment leverage required (ratio 25)
- ❖ 90% funding rate (grant)



ELENA (Project Development Services)

Support to Final Beneficiaries with:

- Feasibility studies
- Additional technical staff
- Technical studies
- Procurement/tendering
- Financial structuring

▸ **INVESTMENT PROGRAMMES/PROJECT**

- **EE and RES investment in public and private buildings**, including social housing and street and traffic lighting;
- **Urban transport** to support increased energy efficiency and integration of renewable energy sources;
- **Local energy infrastructure** to support developments in previous sectors including smart grids, ICT, etc.



Example of energy efficiency for municipal buildings

- ❖ Province as supporting structure
- ❖ Objective:
assist small LA in its territory to exploit the energy efficiency potential in municipal buildings (e.g. schools)
- ❖ Preparatory activities:
i.a. simplified energy audits carried out for ~ 300 schools in view of identifying most energy wasting sites
- ❖ Elena support requested:
 - ❖ Set up of investment programme support unit
 - ❖ Selecting of investment implementation procedure (e.g. EPC/PPP or direct investment or combination of both...), preparation of feasible lots
 - ❖ Preparation of tender documents and contract negotiation with suppliers



Eligibility and selection criteria

Eligible promoters/Final Beneficiaries



- ❖ Project Development Services can be provided to a local or regional authority or other Public Body from a Participating Country, including those under the Covenant of Mayors Initiative, or a grouping of such bodies,
- ❖ The Investment Programme or part of it can be implemented through entities other than the Public Body, e.g. the holder or operator of a concession or an ESCO

Eligible investment areas



- ❖ public and private buildings,
- ❖ including social housing
- ❖ and street and traffic lighting,
- ❖ integration of renewable energy sources (RES) into the built environment –
- ❖ investments into renovating, extending or new district heating/cooling networks including networks based on combined heat and power (CHP);
- ❖ decentralised CHP systems (building or neighbourhood level);

Eligible investment areas



- ❖ urban transport to support increased energy efficiency and integration of renewable energy sources, such as:
- ❖ high energy efficiency buses, including hybrid buses,
- ❖ electrical or low-carbon propulsion systems;
- investments to facilitate the introduction of electric cars,
- ❖ investments to introduce new more energy efficient concepts to improve freight logistics in urban areas;



Selection Criteria



- ❖ eligibility of an applicant from a Participating Country;
- ❖ eligibility of Investment Programme;
- ❖ potential bankability of the Investment Programme;
- ❖ applicant's financial and technical capacity to implement and complete the Investment Programme;
- ❖ expected contribution to the objectives of the "20-20-20" Initiative in terms of reducing greenhouse gas emissions, increasing the share of renewables in energy consumption and improving energy efficiency;
- ❖ expected Leverage Factor;
- ❖ EU added value, in terms of compliance with EU policies, including:
 - ❖ the EU sustainable energy policies and priorities, targets and legislation;
 - ❖ the state of the art of sustainable energy technologies and taking into account previous actions in the context of the EU energy policy objectives and relevant action by the applicant;



Selection Criteria



- ❖ the EU Cohesion Policy;
- ❖ the needs of local communities and possible impacts on the local/regional development, including a positive impact on SMEs;
- ❖ the contribution to dissemination of good practices or technologies at an early market penetration phase, within the EU;
- ❖ verification that financial assistance under this Facility shall not be used for Investment Programmes that can be better supported by other similar EU funds and facilities, including Cohesion and Structural Funds. If funding can be obtained from other facilities, the applicant must justify why the use of this Facility is more appropriate;
- ❖ absence of other EU support granted to the same applicant for Project Development services in relation to the same Investment Programme.



Eligible activities



- Refine feasibility and market studies
- business plans
- energy audits
- preparation of tendering procedures and contractual arrangements
- and other assistance necessary to develop Investment Programmes, excluding subsidies to investment (hardware) costs.
- Additional staff hired by the final beneficiary

Selection of Service providers



- The Project Development Services providers shall be selected by the EIB or by the Final Beneficiary

- EIB shall ensure that:
 - procurement procedures comply with the principles of transparency,
 - Proportionality
 - sound financial management
 - equal treatment and non-discrimination
 - lack of conflicts of interests
 - and respect of internationally accepted standards.



How to apply for ELENA support ?



European Local ENergy Assistance -- ELENA



How to contact European Investment Bank (EIB)?

- ❖ By fax, letter or e-mail (best way through e-mail to elena@eib.org)
- ❖ English or French is required
- ❖ Informations available on ELENA web site (www.eib.org/elena):
 - ❖ ELENA brochure
 - ❖ Frequently Asked Questions
 - ❖ Application form



European Local ENergy Assistance -- ELENA



Two stage application procedure:

- ❖ Pre-Application
- ❖ Application



European Local ENergy Assistance -- ELENA



- Pre-Application
 - Formless
 - Required information's
 - Brief description of planned investment programme + implementation approach
 - Expected investment cost + development schedule
 - Amount, scope and main needs for technical assistance
- Reaction from EIB: ~ two weeks
- If positive : start to fill in application form



European Local ENergy Assistance -- ELENA



- Application
 - Content of application form:
 - Applicant's identification
 - Applicant's situation
 - Presentation of the Investment Programme
 - Description of work programme for Project Development Service / Technical Assistance
 - Overview table: Milestones presentation for measuring leverage factor
 - Estimated cost and funding
 - Declaration of the applicant



European Local ENergy Assistance -- ELENA



- Application procedure:
 - Reception of application by EIB
 - Possible requests by EIB for additional information's
 - Proposal assessment by EIB
 - Approval request to European Commission
 - If approved by EC: start of contract negotiation with applicant
 - Signature of funding agreement by EIB and beneficiary
 - Start of project development service / technical assistance



European Local ENergy Assistance -- ELENA



- ❖ Funding agreement design
 - ❖ Duration: 3 years maximum
 - ❖ Annexes:
 - ❖ Description work programme for Project Development Service and planned Investment Programme including milestones for measuring leverage factor
 - ❖ Estimated budget
 - ❖ Reporting requirements
 - ❖ Intended grant disbursement schedule:
 - ❖ 40% at start
 - ❖ 30% after validation of interim report
 - ❖ 30% after validation of final report



For more information...



<http://www.eib.org/elena>

elena@eib.org

Thank you for your attention

