



Private Finance for Energy Efficiency

PF4EE

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Budapest

The European Union energy efficiency (EE) sector is experiencing sub-optimal levels of investments mainly because of:

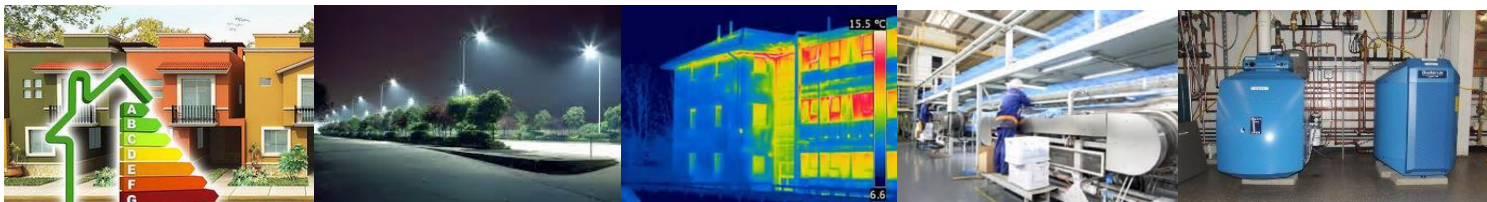
- high investment costs,
- limited access to credit,
- too long payback times and
- credit risks.

The EC commitment through LIFE

- EUR 80m provided
- Delegation Agreement signed on 8 December 2014
- To be implemented in 2015 - 2017

PF4EE aims:

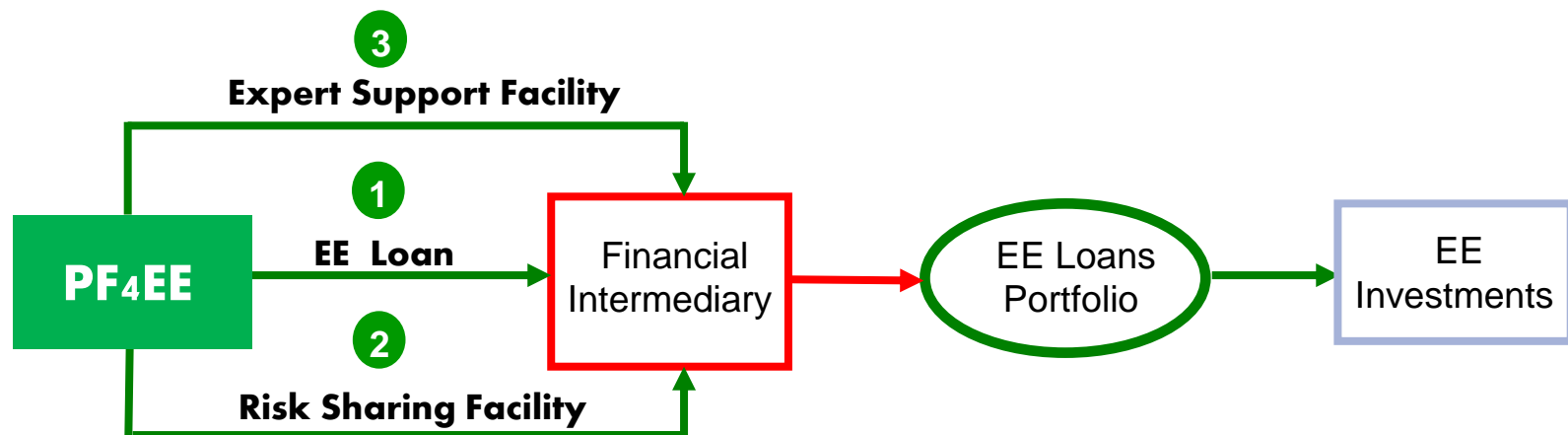
1. To make energy efficiency lending a more sustainable activity across European financial institutions;
2. To encourage private commercial banks and other financial intermediaries to address the energy efficiency sector as a distinct market segment;
3. To increase lending for energy efficiency in response to priorities identified by Member States' National Energy Efficiency Action Plans.



Introduction to PF4EE

PF4EE comprises three components

- An EIB loan to the financial intermediary to be on-lent for financing of energy efficiency investments (“**EE Loan**”)
- A risk mitigation mechanism, which covers losses incurred in the portfolio of EE loans granted by the financial intermediary to on-lend the EE Loan (“**Risk Sharing Facility**”)
- Consultancy services aiming at supporting the financial intermediary to create the abovementioned EE loans portfolio (“**Expert Support Facility**”)



Highlights

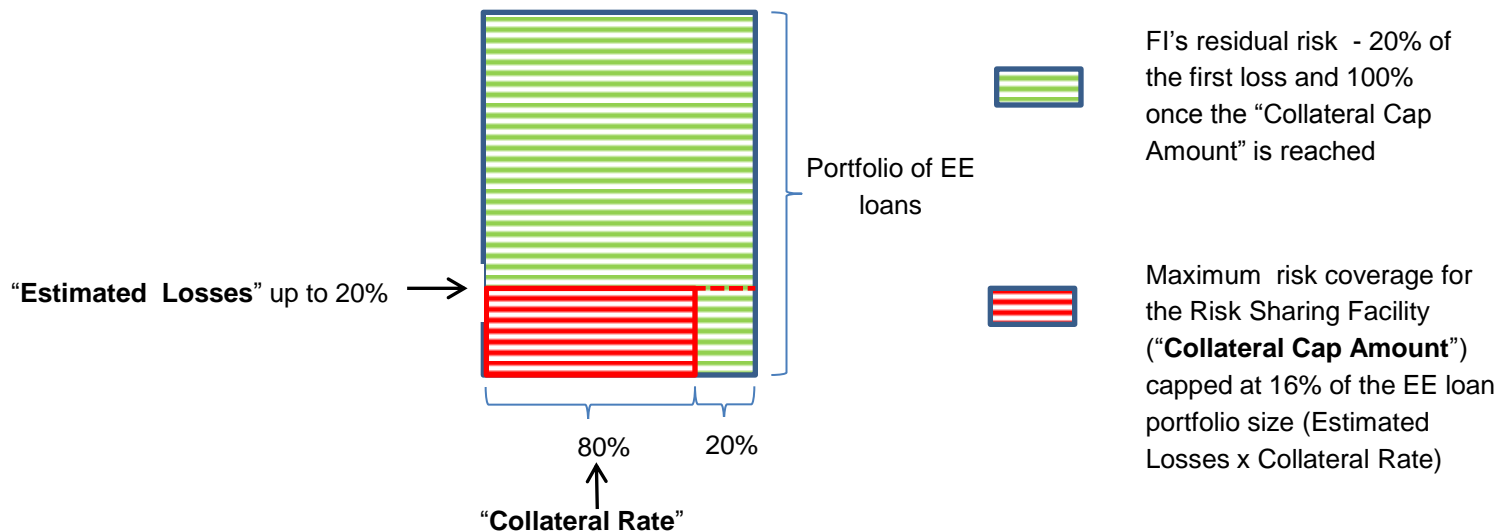
- AAA-rated risk mitigation solution covering up to 80% of the losses of new loans.
- Reduced credit risk and lower capital consumption through the risk mitigation solution.
- Collateral payment occurs upon default; pro-rata sharing of recoveries.
- EIB Energy Efficiency Loans may refinance up to 75% of the capital cost of Energy Efficiency Investments.
- Technical support provided for free to the FIs to facilitate the implementation of the PF4EE project.
- The PF4EE can be combined with a state, regional or local **EE grant program acceptable for EIB.**

Financial Conditions

- Portfolio size of max. EUR100m.
- Loan Maturity: to a maximum of 25 years – as agreed with the intermediary case-by-case.
- Loan Amount: up to EUR 5m.

Risk Sharing Facility

- The Risk Sharing Facility provides “cash-collateral” to commercial banks to cover losses incurred in relation to the EE loan portfolio
- It will cover up to 80% (“Collateral Rate”) of losses on a “loan-by-loan” basis, up to a maximum amount (“Collateral Cap Amount”)
- Funds will be deposited on the “Collateral Account” proportionally to the build-up of the EE Loan Portfolios





Expert Support Facility

- Free of charge experts provided to the Financial Intermediary to help develop financing products dedicated to energy efficiency investments.
- EIB appraises FI's capacities to implement the PF4EE and proposes adequate support.



- Training in relation to PF4EE.
- Assessment of technical capacities.

- Development of marketing strategies.
- Development of EE products.
- Appraising EE projects.
- Risk analysis of individual projects.
- Data reporting matters.
- Energy audits.

Financial intermediaries

- Private sector financial institutions
- Capacity to reach Financial Recipients in line with EE priorities of the MS
- Sound financial standing and acceptable counterpart to EIB
- One financial intermediary per country on “first-come first-served” basis

Final Recipients

- Natural persons, home-owner associations, enterprises, public institutions/bodies and any other legal entities undertaking an EE Investment

Investments

- Consistent with NEEAP priorities
- Compliant with EU directives
- Capital costs not exceeding EUR 10m
- Fulfils EIB EE technical and economic criteria:
 - Adequate result of an economic cost-benefit-analysis: the net present value of the energy saved including environmental externalities over its life – using a 5% discount rate - is greater than the net present cost of the EE investment.
 - If it is difficult to separate out the investments directly related to EE, energy savings including environmental externalities should at least cover 50% of the total project cost.
 - Additional specific criteria apply for District Heating / District Cooling, Energy Savings / Energy Efficiency in Buildings and High efficiency Co-Generation of Heat and Power.



Webpage for the PF4EE (www.eib.org/pf4ee) made on February 2015, reference in EC finance webpage (www.access2finance.eu) made in October 2015.



Information announcement describing the instrument and allowing contact to show interest in December. Request for proposals published in January, including selection process.



Signing ceremony with Commissionaires Arias-Cañete and Vella and EIB VP Taylor in February 2015.



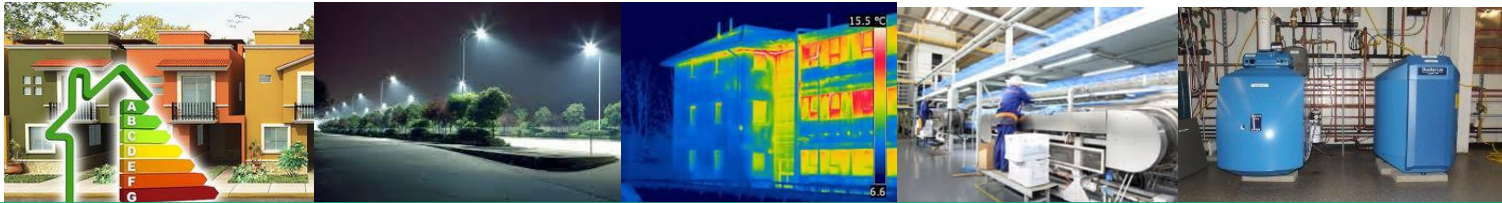
Press releases issued at DA signature in February 2015 and for all PF4EE operations concluded.



Mobilisation of EIB commercial network. Internal awareness meetings with all EIB teams in charge of bank relationship.



Participation in public fora, including LIFE Committee meetings, banking and sectoral events to inform about the PF4EE.



PF4EE operations and value added

Komerční Banka – Czech Republic

Partner Bank:	Komerční Banka (SG group)
Country:	Czech Republic
Targeted investments:	<ul style="list-style-type: none"> - Modernization and reconstruction of electricity, gas and heat distributions in buildings and energy management in industrial areas - Upgrading lighting systems for buildings and industrial sites - Reduction of energy intensity / increasing energy efficiency in manufacturing and technological processes - Use of waste energy in production processes
Final Recipients:	Corporates (mainly SMEs) and municipalities
EIB loan volume / Loan portfolio size:	EUR 75 million

Banco Santander - Spain

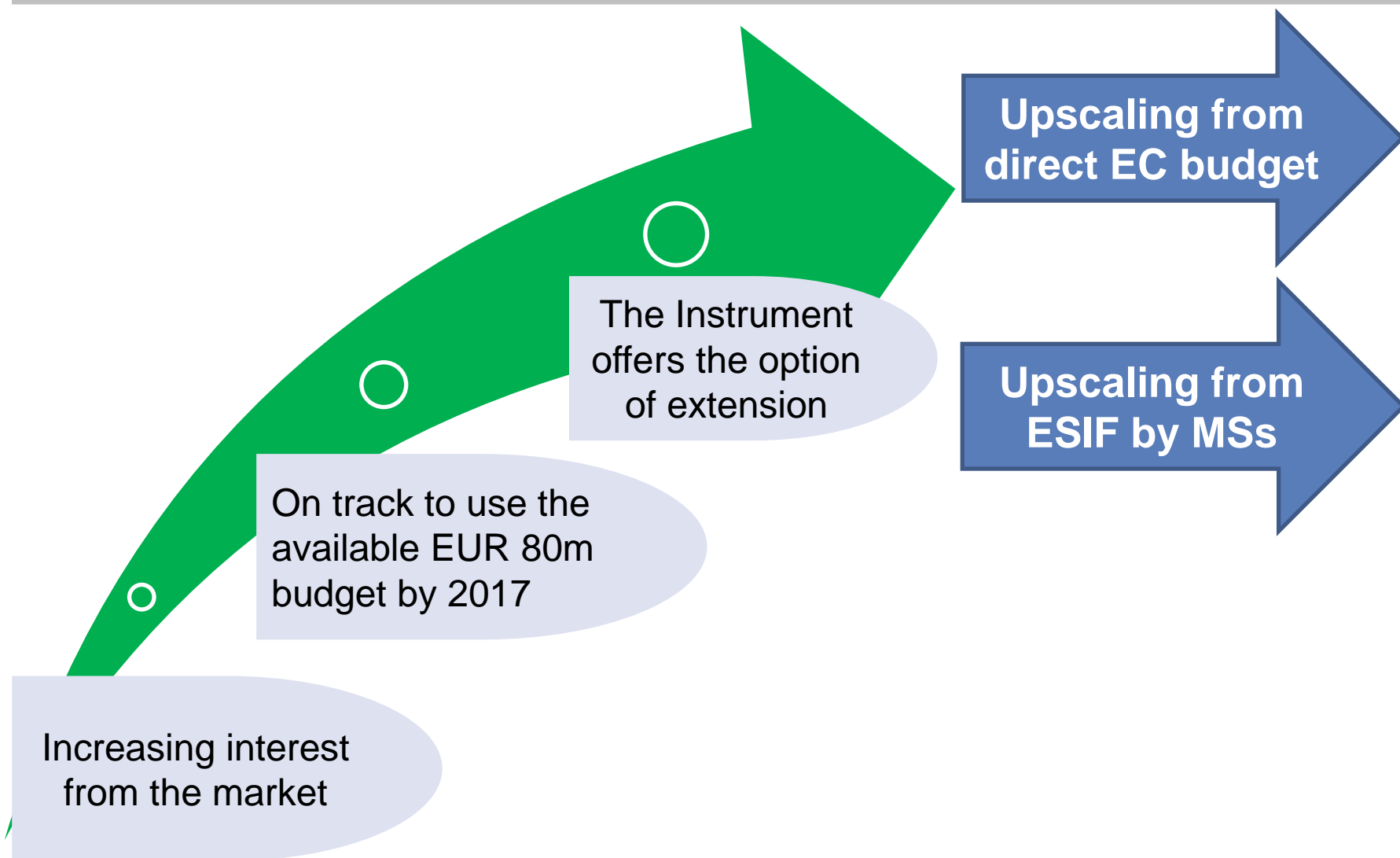
Partner Bank:	Banco Santander
Country:	Spain
Targeted investments:	Energy efficiency and small renewable energy investments mainly in hotels and to a lesser extent in other buildings for touristic lodging.
Final Recipients:	Corporates (mainly SMEs)
EIB loan volume / Loan portfolio size:	EUR 50 million

Crédit Coopératif - France

Partner Bank:	Crédit Coopératif (Groupe BPCE)
Country:	France
Targeted investments:	80% of the investment would be related to building refurbishment and 20% linked to companies seeking energy performance gains.
Final Recipients:	Corporate and legal persons established in various legal forms and governed by private law.
EIB loan volume / Loan portfolio size:	EUR 75 million

Value Added

- Going beyond Financial Intermediary's current lending practice and increasing lending volumes.
- Free of charge technical experts and advisory support to develop tools and expertise in EE lending.
- Credit risk mitigation by means of cash collateral securing up to 80% of each individual Loss.
- Long-term EE loan from the EIB to cover up to 75% of the total investments cost.



Contact

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Countries

Mandate Management

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More information available on the EIB website: www.eib.org/pf4ee

Applications or request for contact can be sent to:
PF4EE_Instrument@eib.org