RENEWABLE ENERGY POLICIES TO DEVELOP INVESTMENTS IN THE EU

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EUFORES - 11th Inter-Parliamentary Meeting on Renewable Energy and Energy Efficiency

30 September 2011
Stockholm, Sweden
EIB financing of RE and EE 2006-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>RE (M EUR)</th>
<th>EE (M EUR)</th>
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<tbody>
<tr>
<td>2006</td>
<td>0.52</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>2.02</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>2.22</td>
<td>0.73</td>
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<tr>
<td>2009</td>
<td>4.22</td>
<td>1.54</td>
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<tr>
<td>2010</td>
<td>6.08</td>
<td>2.33</td>
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Renewable Energy lending by technology
2008-2010

- Onshore Wind: 23%
- Offshore Wind: 18%
- Hydropower: 7%
- Solar PV: 9%
- Solar CSP: 2%
- Geothermal: 3%
- Energy from Biomass: 3%
- Framework, GL, equity: 21%
- RE Manufacturing Wind: 5%
- RE Manufacturing Solar: 9%
EIB Instruments

- Broad range: from senior loans to equity
  - Loans to large individual projects: i.e. off-shore wind
  - Global & Framework loans to finance small-medium sized projects
  - Specific instruments: RSFF, Marguerite, EEE fund, etc.

- Advisory services:
  - Jessica: urban funds using structural funds
  - Elena: EE&RE in the urban environment
  - Jaspers: project preparation for EU structural funds, etc.
RE policies to develop RE market

- A clear and stable RE support framework is key
  - Skilled authorities to manage regulation
  - Exposure to price volatility increases costs
  - Balance between adequate return to investors and incentives to lower costs
  - The necessary regulatory changes should not create uncertainty
  - Stop and go policies are very damaging

- Face other barriers
  - Predictability and transparent permitting process
  - Access and capacity of the electricity network
Some specific issues for RE Heating & Cooling

- Often combined with EE investments
- Develop specific support mechanism, particularly financial instruments
- ESCOs should play a substantial role: sector development, new technologies, etc
- Public sector should lead by developing large programmes (TA is often required i.e. Elena)
- Facilitate bankability: guarantees, standard contracts, scale, etc
The EU Renewable Energy Action Plans: Issues

- RE electricity (44% of additional RE energy in 2010-2020)
  - Will RE expansion be limited by grid/storage capacity?
  - Will the cost of PV, off-shore wind and CSP decrease as expected by policy makers?

- RE Heating & cooling (40% of additional RE energy):
  - Poor past performance: will it now improve?

- RE Transport (16% of additional RE energy)
  - Environmental sustainability issues and uncertainty with the development of the 2\textsuperscript{nd} generation technology
  - Uncertainties with the development of electrical cars
Some conclusions

- Adequate regulations should continue to attract substantial capital and financing to the RE sector.
- Need to develop support frameworks for underdeveloped RE, notably for Heating & Cooling.
- Develop confidence in recent RE regimes in the less mature markets.
- Good government management of regulatory regimes taking into account market reaction.
- RE will move from marginal to mainstream in the medium term: How will regulations change to accommodate it?
- EIB financing has significantly contributed to RE objectives, including EE/RE projects.
Thank you for your attention!