



# RENEWABLE ENERGY POLICIES TO DEVELOP INVESTMENTS IN THE EU

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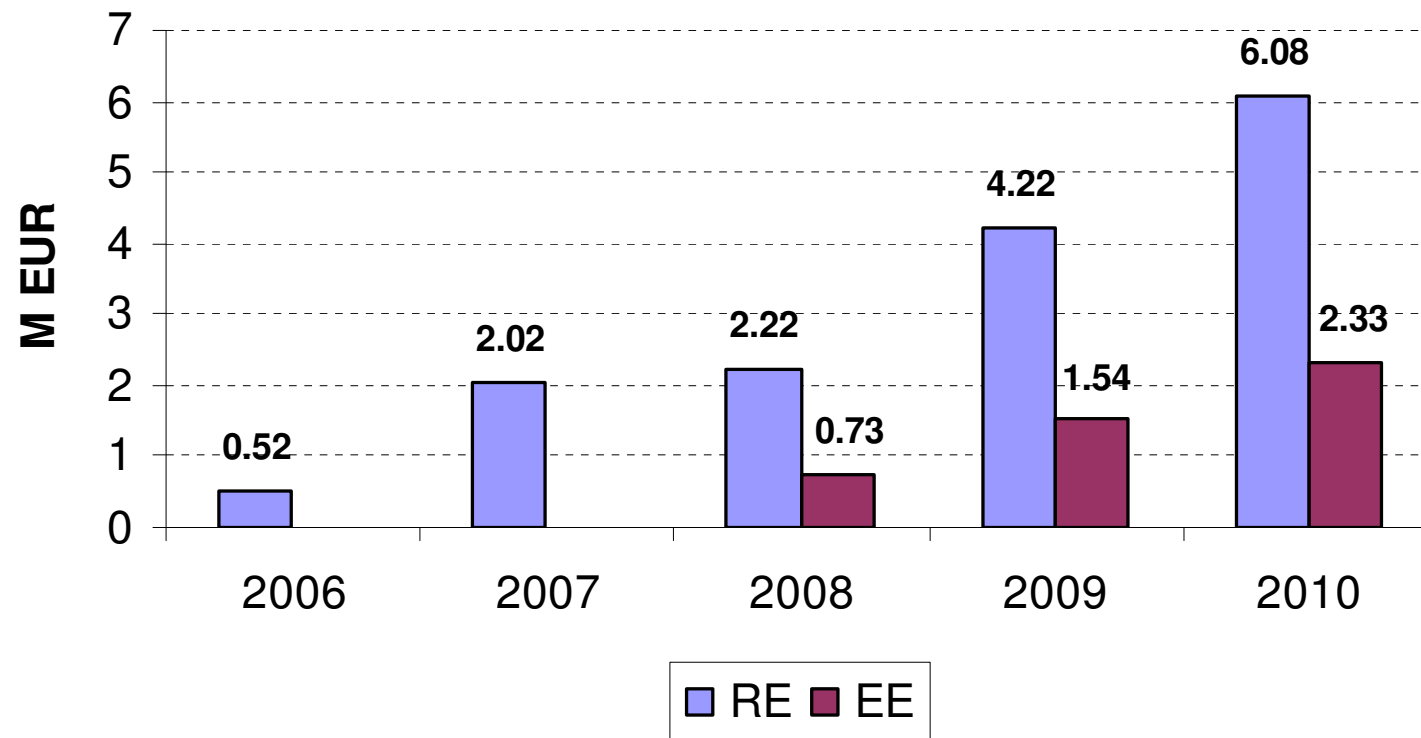
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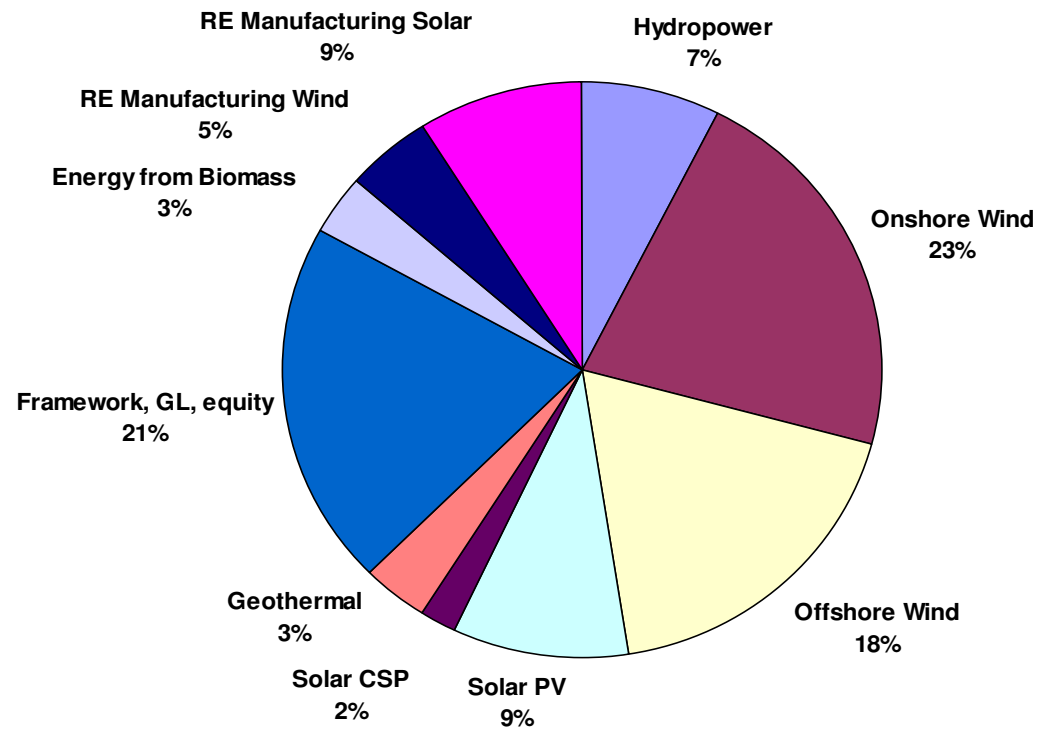


## EIB financing of RE and EE 2006-2010





## Renewable Energy lending by technology 2008-2010





## 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<sup>nd</sup> 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!