



FINANCING LOW CARBON TECHNOLOGIES IN THE EU:

EIB CONTRIBUTION

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1. Financing renewable energy: issues

- ❖ A clear and stable policy and regulatory support framework is key:
 - ❖ Flexible regulation to adapt to market and technological changes, particularly for emerging technologies (e.g. PV or CSP)
 - ❖ Give a stable framework, with a long term perspective, to promote investment and innovation
- ❖ Financial sector capacity to assess and mitigate project risk:
 - ❖ Well established for hydro, wind, PV and CSP
 - ❖ Problems for some RE, such as for biomass (raw material risk), geothermal (reservoir risks) or new technologies in general
- ❖ Innovative enterprises exposed to substantial market uncertainties and technological risks



2. Financing energy efficiency projects: issues

- ❖ Unclear market potential for lending:
 - ❖ Despite high investment potential, limited investment in practice: need to address market failures
 - ❖ Need to create an Energy Efficiency industry, based most likely on ESCOs (which is still an infant industry in the EU)
 - ❖ No standard model for financing EE projects
- ❖ Unlike renewables, in general no clear policy/regulatory framework to support them: EE projects exposed to energy price volatility
- ❖ Financial sector limited understanding of risks and issues



3. EIB support to low carbon technologies

- ❖ Substantial lending in low carbon technologies
 - ❖ Lending of 2.2 bn to RE and 0.7 bn to EE in 2008
 - ❖ Support the less developed technologies (e.g. off-shore wind) and markets (e.g. EE in cities)
- ❖ Expanding support during the financial crisis
- ❖ Adapted financial instruments
 - the Commission to develop new initiatives for low carbon on technologies, including CCS
 - r RDI projects: reinforce RSFF
 - les and transport (Marguerite)
 - ELENA) to support urban energy programmes



Renewable energy projects approved by the EIB since 2006

