



# THE ELENA FACILITY

Ralf Goldmann

European Investment Bank (EIB)

**Slagelse, 20 January 2010**



# 1. Urban Energy and Climate Change Programmes



- Substantial variations of energy consumption in cities: the largest consumer is usually buildings, followed by transport and to a lesser extent industry.
- Final energy demand in 2020 under “20/20/20 objectives” scenario -12% in relation to baseline. 67% of reduction corresponds to residential/tertiary (buildings), 18% industry and 15% transport.
- Main RES in urban areas: solar (PV/thermal), biomass, geothermal and waste-to-energy
- To achieve 20/20/20 objectives, need to launch large Energy Efficiency (EE) & Renewables (RES) programmes in urban areas
  - Reduction of transaction costs by regrouping small projects
  - Attract the attention of investors, access to competitive financing and subsidies



## 2. The three pillars of a Urban Energy and Climate Change programme

### 1. Creation of an entity to develop the programme:

- ❖ Organisation and technical capacity of the entity: Elena support
- ❖ Regroup projects in packages and develop a standard approach

### 2. Access to competitive financing:

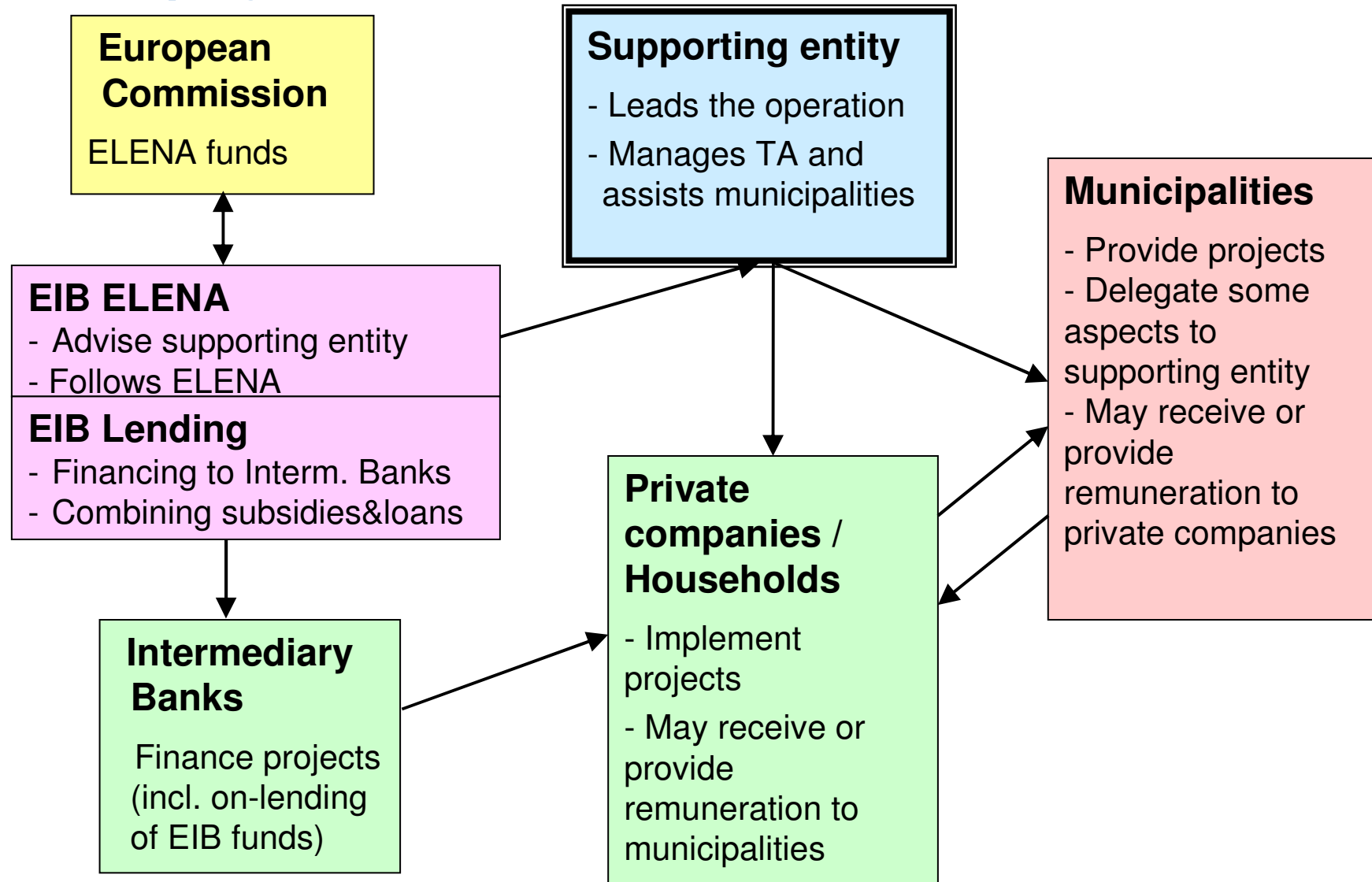
- ❖ Local authorities often limited possibilities to invest
- ❖ Involvement of the private sector, notably ESCOs
- ❖ EIB has developed specific instruments

### 3. Access to subsidies:

- ❖ Efficient use of subsidies: focus on market barriers
- ❖ How best combine subsidies with loans



### 3. Example of a Local Climate Change project





## 4. European Local ENergy Assistance -- ELENA



### ***ELENA***

#### **Technical Assistance**

Support local/ regional authorities:

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

### **INVESTMENT PROGRAMMES / PROJECT**

**EE and RES investment in public and private buildings**, including street and traffic lighting: refurbishment of buildings, PV, CHP, etc.;

**Urban transport, such as** high energy efficiency buses, electrical cards, improve transport logistics;

**Local energy infrastructure** to smart electricity grids, ICT to support EE&RES, charging points for electric cars, etc.



## 5. Key conclusions

- Elena support the transition from policy commitment to actual investments
- Elena is an innovative instrument that links TA to investments
- It will support the development of urban programmes that can be replicated in other cities or regions
- It aims at a broader utilisation of innovative techniques, processes, products or practices



## Example of energy efficiency for municipal buildings

- Province as supporting structure
- Objective:  
assist small LA in its territory to lever 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



## Example of energy efficiency and PV for municipal buildings

- ❖ District as supporting structure
- ❖ Objective: assist small LA in its territory to lever energy efficiency potential in municipal buildings (e.g. public lighting) and build PV plants on public building's roofs
- ❖ Preparatory activities: i.a. simplified energy audits carried out for ~ 100 public lighting systems and available surface on roofs of public buildings in 100 LA
- ❖ Elena support requested:
  - ❖ Set up of investment programme support unit
  - ❖ Selecting of investment implementation procedure (e.g. EPC/PPP or direct investment, for PV direct investment or renting of roofs with special rent agreements ...), regrouping in view of critical size
  - ❖ Preparation of tender documents and contract negotiation with suppliers



# ELENA-European Local Energy Assistance

## Improving energy efficiency in urban transport



## ELENA- Improving energy efficiency in urban transport



- **ELENA aims at helping public entities by means of offering technical advisory support, in order to facilitate the implementation of investment programmes.**
  
- **In the urban transport sector:**
  - Renewing of public transport buses with high energy efficiency and environmental performance, superior to the current standards imposed by EU regulations.
  - Investments to facilitate the introduction of electric vehicles and their supporting infrastructure.
  - Investment to introduce more energy efficient solutions to improve freight logistics in urban areas.



# European Local Energy Assistance (ELENA) – 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;

## Eligible investment areas



- ❖ local infrastructure including smart grids
- ❖ information and communication technology
- ❖ infrastructure for energy-efficiency
- ❖ energy efficient urban equipment
- ❖ inter-modal transport facilities
- ❖ refuelling infrastructure for alternative fuel vehicles.

## Eligible investment areas



- Industrial facilities shall be excluded, as well as reductions of greenhouse gas emissions due to industry delocalisation.

## 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 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



- 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.



## European Local ENergy Assistance -- ELENA

# How to apply for ELENA support



### How to contact European Investment Bank (EIB)?

- ❖ By fax, letter or e-mail (best way through e-mail to [elena@eib.org](mailto:elena@eib.org) )
- ❖ English or French is required
- ❖ Informations available on ELENA web site ([www.eib.org/elena](http://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 request (s) 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
  - ❖ General and special conditions
  - ❖ 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



## European Local ENergy Assistance -- ELENA



- Reporting
  - Progress reports: every six months
  - Interim report (date agreed upon with beneficiary (in general at mid term = month 18))
    - Covering period from start
    - Documenting achievement of leverage factor
  - Final report (latest one month after project end)
    - Covering complete project period
    - Documenting achievement of leverage factor
  - Prior approval for external services/subcontracts above 200 000 € and in certain cases also for contracts below this threshold



For more information...



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

[elena@eib.org](mailto:elena@eib.org)

Thank you for your attention