

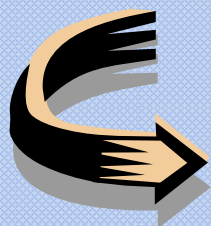
EIB Financing Clean and Energy Efficient Urban Transport

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Corporate Priority Objectives

- **Implementing of the Innovation 2010 Initiative (i2i)**
- **Support for Small & Medium Sized Enterprises**
- **Development of Trans-European networks (TENs) in the Transport and Energy sectors**
- **Support of EU Development and Cooperation Policies in Partner Countries**
- **Environmental sustainability and improvement of the citizens quality of life**



A policy-driven Bank



- ✓ Promoting social well-being
- ✓ Minimising adverse environmental impact in all projects
(public consensus)

EIB environmental investment focuses on:

- tackling climate change
- protecting and enhancing biodiversity
- promoting the sustainable use of natural resources & waste management
- improving the quality of life in the urban environment



Preserve, protect and improve the environment,
EIB's "Environmental Statement" on the web

EIB project requirements: the « three pillars »

Eligibility =
consistency with
EU priorities



Technical quality
and economic
soundness



Financial viability
and adequate
security



Comply with procurement and environmental protection regulations

A project assessment with many facets

➤ Cohesion Policy 2007-2013

- Urban agenda within the mainstream
- Urban culture as a major comparative advantage of the EU in a “global” economy
- Identification of common challenges: demographic, environmental, social cohesion...
- Subsidiarity principle

➤ The Leipzig Charter (2007)

- Sustainable communities, avoiding urban sprawl
- Ensure urban sustainability: focus on renewal and regeneration

Social

Environment

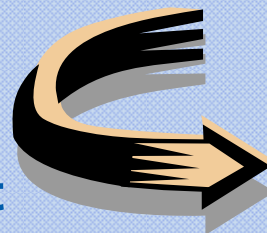


➤ Respond to the Leipzig Agenda within a stronger cooperation framework

- Traditional instruments enhanced
- SFF for Sustainable Communities
- The JESSICA initiative
- Networking initiatives

➤ Urban projects fall within main priorities of the Bank and the EU:

- Environment
- Regional integration
- Energy efficiency
- Sustainable development
- Social cohesion
- Mobility of persons and goods
- Access to basic services



**Improvement of
citizen's quality of life**

➤ Core activity in the urban sector

- Urban development and renewal (namely infrastructures)
- Social/affordable housing and fight against social exclusion
- Individual buildings of community interest, including energy efficiency actions
- Protection/rehabilitation of Historic and Cultural heritage
- Improvement of public transport, soft modes, traffic calming, modal interchanges, clean vehicles

➤ Complementary activity

- Education and health facilities
- Water, waste and improvement of the environment
- Utilities, including district heating & street lighting
- Natural disasters (prevention/mitigation of effects)

- Projects are eligible under the **Sustainable Urban Transport criterion** when tackling the following investments:
 - ✓ **Public urban transport** (e.g. suburban rail, metro, tramway, bus, etc. including rolling stock, multi-modal interchanges, mass transport networks integration, green propulsion)
 - ✓ Measures to **reduce the pressure of urban road congestion and pollution** including traffic calming and pedestrian zones, bypasses, urban logistics, other transport safety investments as well as innovative transport systems such as traffic management and other ITS (Intelligent Transport Systems) systems

EIB financing the Urban Sector III: main eligibility areas

<i>Rating</i>	Low	Medium	High
<ul style="list-style-type: none"> Urban renewal and regeneration including social and affordable housing 	<ul style="list-style-type: none"> Upgrading, replacement and reorganisation of urban infrastructure and public facilities (including cultural heritage) 	<ul style="list-style-type: none"> New construction or retrofitting of social and affordable housing (including related infrastructure) to achieve modern standards 	<ul style="list-style-type: none"> Upgrading of existing housing stock and related infrastructure with key focus on energy efficiency, Investments resulting from the ELENA Initiative
	<ul style="list-style-type: none"> Acquisition of buildings and re-use of Brownfield sites for social or public usage 	<ul style="list-style-type: none"> Environmental & efficiency improvements in public buildings 	<ul style="list-style-type: none"> New construction of housing as means to either alleviate poverty and social exclusion or to redevelop Brownfield sites
<ul style="list-style-type: none"> Sustainable Urban Transport (urban public transport and transport networks) 	<ul style="list-style-type: none"> City bypasses; Intelligent transport systems 	<ul style="list-style-type: none"> Rehabilitation of public transport infrastructure; Acquisition of new rolling stock (public transport and public services) 	<ul style="list-style-type: none"> Extension and construction of public transport networks; Investments resulting from the ELENA Initiative, Enhancement of public environment
	<ul style="list-style-type: none"> Selected streets & roads including tunnels and bridges (only convergence areas) 	<ul style="list-style-type: none"> Rehabilitation of transport networks; Parking spaces under urban parking policy; Investments for sustainable mobility (soft modes). 	<ul style="list-style-type: none"> Energy efficiency measures in traffic management and street lighting; Intermodal and logistic centres.

Projects to be financed must be inserted within a complete and exhaustive area plan !

EIB financing the Urban Sector IV: annual activity in the sector



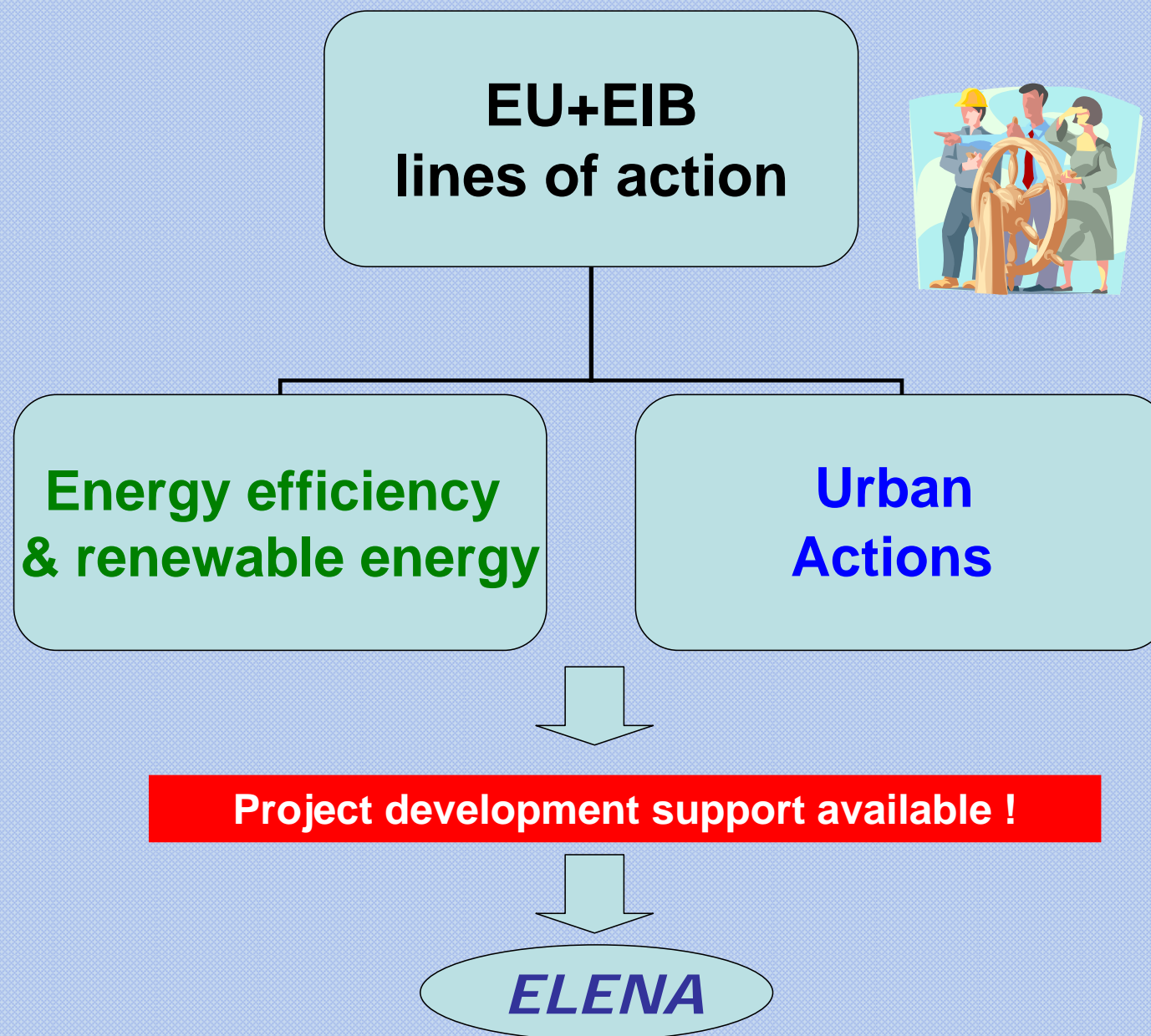
On average, between Euro 5 and 6 billion per year which represents about 10% of the annual lending activity of the Bank (and continuously growing)

Urban projects can be **traditionally** financed by the EIB through different types of finance contracts:

- Direct loan (one single component), either agreed with a public authority or a concessionaire/operator
- Forming part of a framework loan (multiple components)
- Forming part of a regional development program (complementing EU grants)
- Forming part of a loan given to a private investment fund
- PPP
- Using the new Jessica facility (urban development funds)

Some of these instruments include the assumption of a certain level of risk

The sustainable energy financing package Support for the Covenant of Mayors



Principles:

- EC-EIB cooperation to support local and regional authorities to reach 20-20-20 targets.
- Technical Assistance facility: managed by EIB; funded by EU budget (CIP/IEE programme). ELENA is an innovative instrument that links TA to investments
- Application to Energy Efficiency
- Market replication focus.
- ELENA support the transition from policy commitment to actual investments
- It aims at a broader utilisation of innovative technologies&techniques, processes, products or practices

ELENA **(Project Development Services)**

Support to Final Beneficiaries to:

- ✓ Refine feasibility and market studies
 - ✓ Business plans
 - ✓ Energy audits
- ✓ Preparation of tendering procedures and contractual arrangements
- ✓ Assistance necessary to develop Investment Programmes.
 - ✓ Additional staff hired by the final beneficiary

INVESTMENT PROGRAMMES/PROJECTS

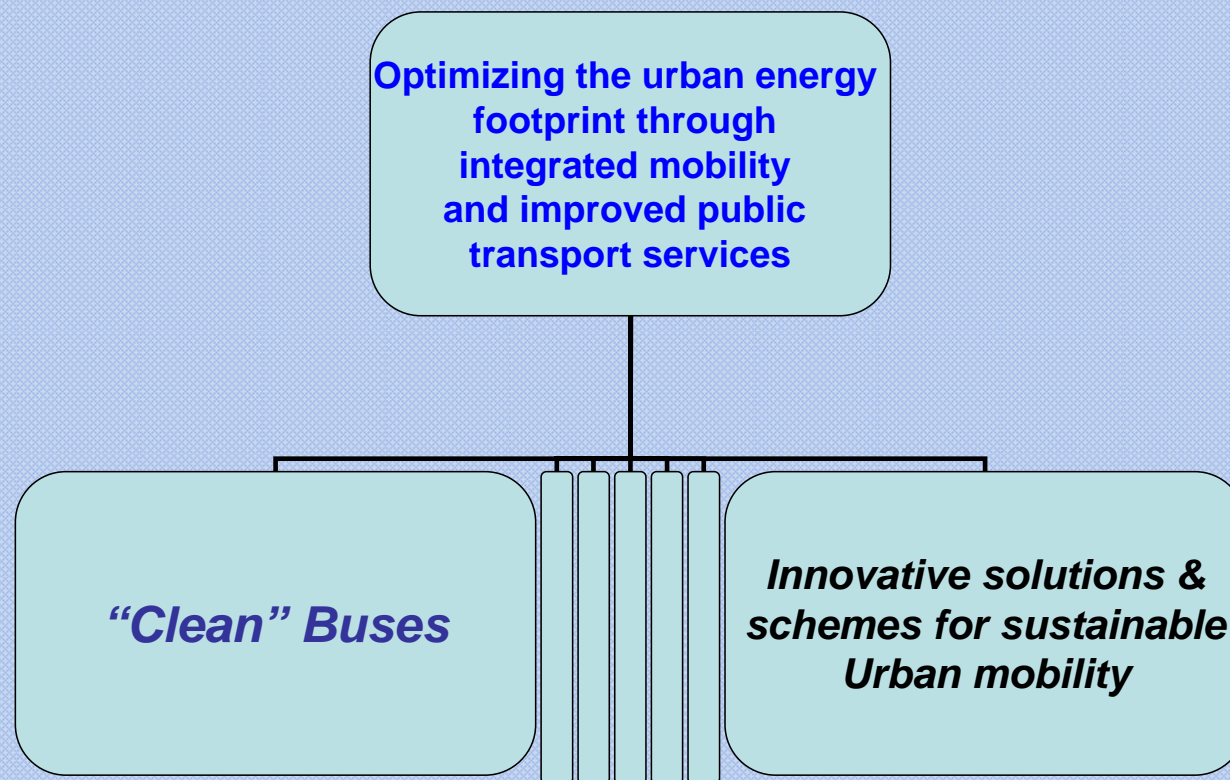
EE and RES investment in public and private buildings, **including street and traffic lighting: refurbishment of buildings, PV, CHP, etc.;**

Urban transport, such as **high energy efficiency buses, electrical cars, optimised, low impact transport logistics**

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

European Local ENergy Assistance – ELENA

Some ideas in the Urban Mobility Sector



ELENA aims at helping public entities by offering technical advisory support, in order to facilitate the implementation of investment programmes.

Tailored financial instruments (I)

A potential outcome from ELENA would be the definition of new financial instruments (namely using leasing financial principles), e.g. oriented to provide advantageous long-term financing to urban transport operators replacing or expanding their bus fleets with new vehicles outperforming existing environmental regulations.

Pending/related issues:

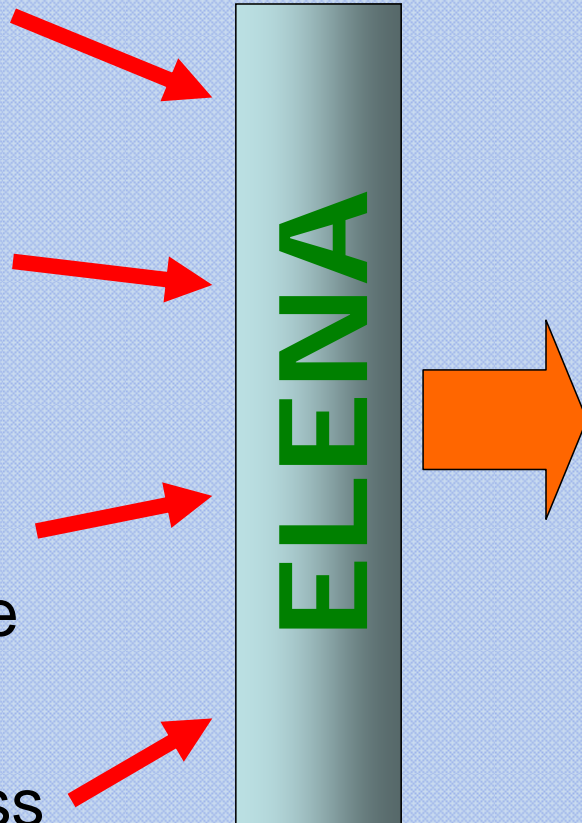
- European label (adherence of the EC)
- Green and/or joint procurement
- Introduction of EuroV and IV standards
- R&D Incentives expected within the EU
- Particular treatment of O&M costs



Tailored financial instruments (II)

Open Issues:

- Extra cost investment
- Extra cost operation
- Lack of infrastructure
- New business and technology



Challenges:

- How to internalize (extra) costs
- How to monetize CO2
- Procurement (joint, clean)
- Life cycle analysis/real performance

New Financial Instruments:

- SPV & Leasing (vehicles)
- Subsidies
 - interest
 - direct (EU, national)
 - indirect (recovery plan, Carbon trading)
- PPP (infrastructure)
- UDF
 - equity
- ...

ELENA- European Local ENergy Assistance – Improving Energy Efficiency in Urban Transport

In the Urban Transport Sector & other Urban Services (I):

- Renewal of public transport buses with high energy efficiency and environmental performance, superior to the current standards imposed by EU regulations. (e.g. hybrid, electric, ...)
- Renewal of fleet for general urban services (e.g. waste collection), also in this case with vehicles with more efficient and with better environmental performances
- Investments to facilitate the introduction of electric vehicles and their supporting infrastructure
- Investment to introduce more energy efficient solutions (schemes, technologies) to improve freight logistics in urban areas

ELENA- European Local ENergy Assistance – Improving Energy Efficiency in Urban Transport

In the Urban Transport Sector & other Urban Services (II):

- Renewal of an entire city's public fleet with a more environmental friendly one – e.g. completely electric - including the related infrastructure
- Renewal of street and traffic lighting (LEDs)
- Information and communication technology
- Energy efficient urban equipment
- Inter-modal transport facilities
- Refuelling infrastructure for alternative fuel vehicles

CONCRETE EXAMPLES

Renewal of Public Transport Buses

The main focus of a public transport authority's low-carbon bus programme is to rapidly introduce fuel efficient, cleaner and quieter hybrid buses and help cut overall metropolitan CO₂ by 11 % by 2015.

The plan is to introduce 300 hybrid buses by 2011 and for all new buses entering the fleet to be of this type from 2012.

Further research needs to be done to understand the whole life cycle costs, including operational risks associated to hybrid buses, and the tender structure



ELENA- European Local ENergy Assistance – Improving energy efficiency in urban transport



CONCRETE EXAMPLES



Introduction of electric vehicles for Garbage collection and street cleaning

The project consists of the acquisition of a fleet (around 1 900 vehicles in total) for urban sanitation services and other related investments across some 130 Spanish municipalities (more than 10% of them having signed the Covenant of Mayors).



A part of the project will finance the development activities to put into service hybrid-electrical heavy duty vehicles, including the manufacturing of 21 prototypes.



The project has already been financed by the Bank (loan is EUR 180m).

GREEN PROCUREMENT

EU proposal aiming at reducing fuel consumption and GHG emissions from road transport vehicles (2009/33/EC).

The directive introduces environmental aspects into public procurement of road transport vehicles, with the objectives of promoting and stimulating the market for clean and energy-efficient vehicles.

When procuring vehicles, contracting authorities/entities or operators will use life cycle costs for CO₂, pollutant emissions and energy consumption as award criteria. The application of these criteria will first be optional, then mandatory starting in 2012.

Public procurement represents a key and visible market. The directive therefore is expected, over the long term, to boost the use of energy-efficient, clean vehicles and to reduce their costs through economies of scale.

Open issues: real cash flow for purchasers, actual performances over life-cycle,

...

ELENA- European Local ENergy Assistance – Eligibility and selection criteria



- Eligibility of an applicant from a Participating Country:
 - Project Development Services can be provided to a local or regional authority or other Public Body from an IEE participating country, 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
- 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 (min: 25), contractually binding!**
 - 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 relevant actions by the applicant in the context of the EU energy policy objectives

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)
- English or French is required
- Information available on ELENA web site (www.eib.org/elena):
 - ELENA brochure
 - Frequently Asked Questions
 - Application form

European Local ENergy Assistance – ELENA

How to apply for ELENA support ?

Two stage application procedure:

- Pre-Application
- Application

Important programme management aspects

- No submission date for applications
- Continuous appraisal/selection
- First come, first served; within the budget limits (budget 2010 = 15 MEUR)

European Local ENergy Assistance – ELENA

How to apply for ELENA support ?

Pre-Application

- Formless
- Required informations:
 - 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

How to apply for ELENA support ?

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

How to apply for ELENA support ?

Application procedure:

- Reception of application by EIB
- Possible requests by EIB for additional informations
- 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

How to apply for ELENA support ?



Funding agreement design

- Duration: 3 years maximum
- 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

Thank You



www.eib.org