

InvestEU Scoreboard

Presentation of the financing or investment operation:

Implementing Partner: EIB

Name of the Operation: SOUTH-WEST EUROPE RENEWABLE ENERGY PF ENVELOPE

Type of approval :

☐ Individual financing or investment operation

☒ Framework Operation¹

Name of the final recipient: N/A, to be defined at sub-project level

For Framework Operations: Type of Final recipients - Special Purpose Entities

Country(-ies) of implementation: France, Ireland, Italy, Spain, Portugal

Short description of the financing or investment operation:

The proposed InvestEU framework operation is part of a Lending Envelope to finance the development of greenfield onshore wind and solar PV plants in Spain, Italy, Portugal, Ireland and France, sought to be on a project finance basis with a diversified group of generally experienced mid-size Independent Power Producers ("IPP") as promoters.

The sub-projects under InvestEU will be developed mostly without any public support framework and will be exposed to electricity price fluctuation. They are a small part of these countries' efforts to achieve the 42.5% target of renewables in the energy mix set by the European Union for 2030 (minimum target as based on the current provisional agreement between the European Commission, Council, and Parliament).

Public Statement

The project falls under the InvestEU objectives as it concerns the generation, supply or use of clean and sustainable renewable and safe and sustainable other zero and low-emission energy sources and solutions.

This operation increases renewable energy generation capacity in the EU and contributes to the EU 2030 climate objectives. The financing of this operation is in line with the Bank's lending priority objectives on Renewable Energy as well as on Climate Action, Environmental Sustainability and Social and Economic Cohesion. Furthermore, this operation will contribute towards the Bank's objective in the context of the REPowerEU Plan.

The operation will result in the financing of multiple renewable energy projects, each of them producing electricity from low carbon sources (onshore wind and solar PV plants). This will address the market failure of negative climate and environmental externalities, through the reduction of carbon emissions and other air pollution (compared to fossil-fuel generation).

The sub-projects will likely rely on revenues from the market at least in part (the wholesale market and unsubsidised commercial PPAs), in a sector characterised by incomplete markets (illiquid intraday markets, limited forward/hedging markets, lack of scarcity pricing and lack of transmission pricing). It thereby contributes to the policy objective to support the market integration of renewable energy projects

A number of the to-be-financed projects are expected to be located in EIB Cohesion Priority regions.

¹ The EIB Lending Envelopes are a delegation mechanism of the approval authority from the Board of Directors to the Management Committee for a series of sub-loans to multiple borrowers that are grouped together under one sector, policy objective or geographical region. Under InvestEU, such sub-projects grouped together are approved by the Investment Committee as Framework Operations.

EIB's support to a large number of renewable energy projects will have a strong signalling effect and shall crowd-in other financiers, which is particularly relevant in a landscape of enhanced targets of renewable energy generation capacity under REPowerEU.

The Bank's financial contribution to the sub-projects will be delivered under numerous forms: construction bridge facilities taking full merchant risk, or long-term Project Finance structures with an extended exposure to merchant risk after expiration of sub-projects Power Purchase Agreement, are offered by a limited number of lenders only, due to the volatility of electricity price coupled with uncertainty of revenue cannibalisation over a long time horizon. The EIB is committed to deliver such tailor-made structures at the best possible financial cost, in an environment of high interest rates, bringing financial value to the sub-projects.

Sub-projects, included in the Framework Operation and presented under InvestEU, would not have been carried out (to the same extent) by the EIB without the InvestEU support

Pillar 3 - Market failure or sub-optimal investment situation addressed by the financing or investment operation (**Very Good**)

Pillar 4 - Financial and technical contribution by the Implementing Partner (**Very Good**)

Pillar 5 - Impact of the financing or investment operation (**Very Good**)

Pillar 7 - Complementary indicators²

Key project characteristics

Expected at PCR

Start of works	01.12.2023
End of works	31.12.2026
Project investment cost	2,400.00 MEUR
Mandate eligible investment mobilized	1,800.00 MEUR
Mandate multiplier effect	12.63
Mandate leverage effect	2.63
Amount of private financing	1,400.00 MEUR
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	100.00% Mitigation - Renewable Energy (transversal)

Outputs (Expected at PCR)

To be assessed at the level of the individual Sub-Projects.

Outcomes (Expected at PCR)

To be assessed at the level of the individual Sub-Projects.

² The abbreviation PCR stands for Project Completion Report. EIB internal methodologies are used in order to calculate the figures presented in this document. The Promoter's estimates might differ.