



# The European Energy Efficiency Fund

An Introduction

*Passion to Perform*

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# Introduction to the European Energy Efficiency Fund (EEEF)



## Objective

- EEEF aims to provide market based financing for commercially viable public energy efficiency (EE) and renewable energy (RE) projects within the European Union

## What is EEEF?

- It contributes with a layered risk/return structure to enhance EE and foster RE in the form of a targeted private public partnership, primarily through the provision of dedicated financing via direct finance and partnering with financial institutions

## Why EEEF?

- ... amendment of the European Energy Program for Recovery Regulation <sup>(a)</sup>
- ... commitment of the EU member states to achieve the 20/20/20 goals, cutting GHG emissions by 20%, increasing RE usage by 20%, and cutting energy consumption through improved EE by 20%
- ... substantial potential for EE and small scale RE in the European public sector

<sup>(a)</sup> Regulation (EU) No 1233/2010 of the European Parliament and of the Council amended the European Energy Program for Recovery Regulation (EC) No 663/2009 establishing a program to aid economic recovery by granting Community financial assistance to projects in the field of energy. Uncommitted funds will be used for the creation of the EEEF.



# Overall scope of EEEF activities



## Key data of EEEF

- The Fund will be an investment fund (SICAF-SIF) registered in Luxembourg
- The initial capitalization of the Fund totaling in €205mn is provided by:
  - European Commission: €125mn
  - European Investment Bank: €75mn
  - Deutsche Bank: €5mn
- Additional commitments are expected from Development Finance Institutions and the private sector resulting in a targeted fund size of approx. €800mn
- Geographical focus on EU 27 member states
- Target beneficiaries are:
  - municipal, local and regional authorities
  - public and private entities acting on behalf of those authorities such as utilities, public transportation providers, social housing associations, ESCOs etc.

## Target countries



Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom

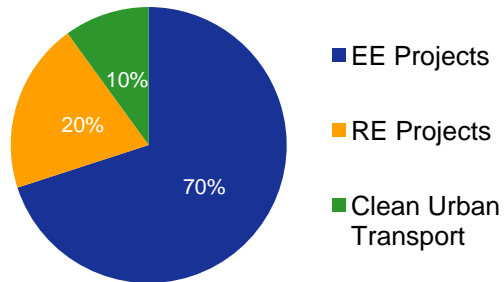


# Portfolio strategy and eligibility criteria of EEEF



## Portfolio strategy by category

- Taking into account the main focus of the Fund on EE the split as shown below is targeted mid-term



### Energy saving and EE investments:

- Public and private buildings incorporating RE and/or EE solutions including those based on the usage of Information and Communication Technologies (ICT),
- Investments in high energy efficient combined heat and power (CHP), including micro-cogeneration, and district heating/cooling networks, in particular from RE sources,
- Local infrastructure, including efficient lighting of outdoor public infrastructure such as street and traffic lighting, electricity storage solutions, smart metering, and smart grids, that make full usage of ICT and
- Energy efficiency and renewable energy technologies with innovation and economic potential using the best available procedures

### Investments in RE sources:

- Distributed generation from local RE sources, to medium and low voltage (110kV and lower) distribution networks,
- Smart-grids enabling higher RE sources uptake,
- Energy storage to allow storing part of the energy produced from intermittent sources during low-consumption hours and feeding this energy back at times of peak-demand
- Decentralised energy sources can also be the injecting of locally produced biogas into the natural gas network and
- Microgeneration from RE sources meaning distributed energy from RE, typically providing below 50kW output, that is concerned with heat and/or power production technology aimed at the individual domestic households, houses of multiple occupancy, multiple dwellings, and light commercial sectors. The technologies include but are not limited to photovoltaics, micro-wind power, micro-hydro power, ground - , water - and air source heat pumps, solar heating, solid biomass/biogas heating, and micro CHP using renewable energy sources

### Investments in clean urban transport:

- Clean urban transport to support increased EE and integration of RE sources, with an emphasis on public transport, electric and hydrogen vehicles and reduced greenhouse gas emissions. The projects will support a progressive substitution of oil by alternative fuels and the development of vehicles which consume less energy and generate fewer pollutant emissions

# Portfolio strategy and eligibility criteria of EEEF (continued)



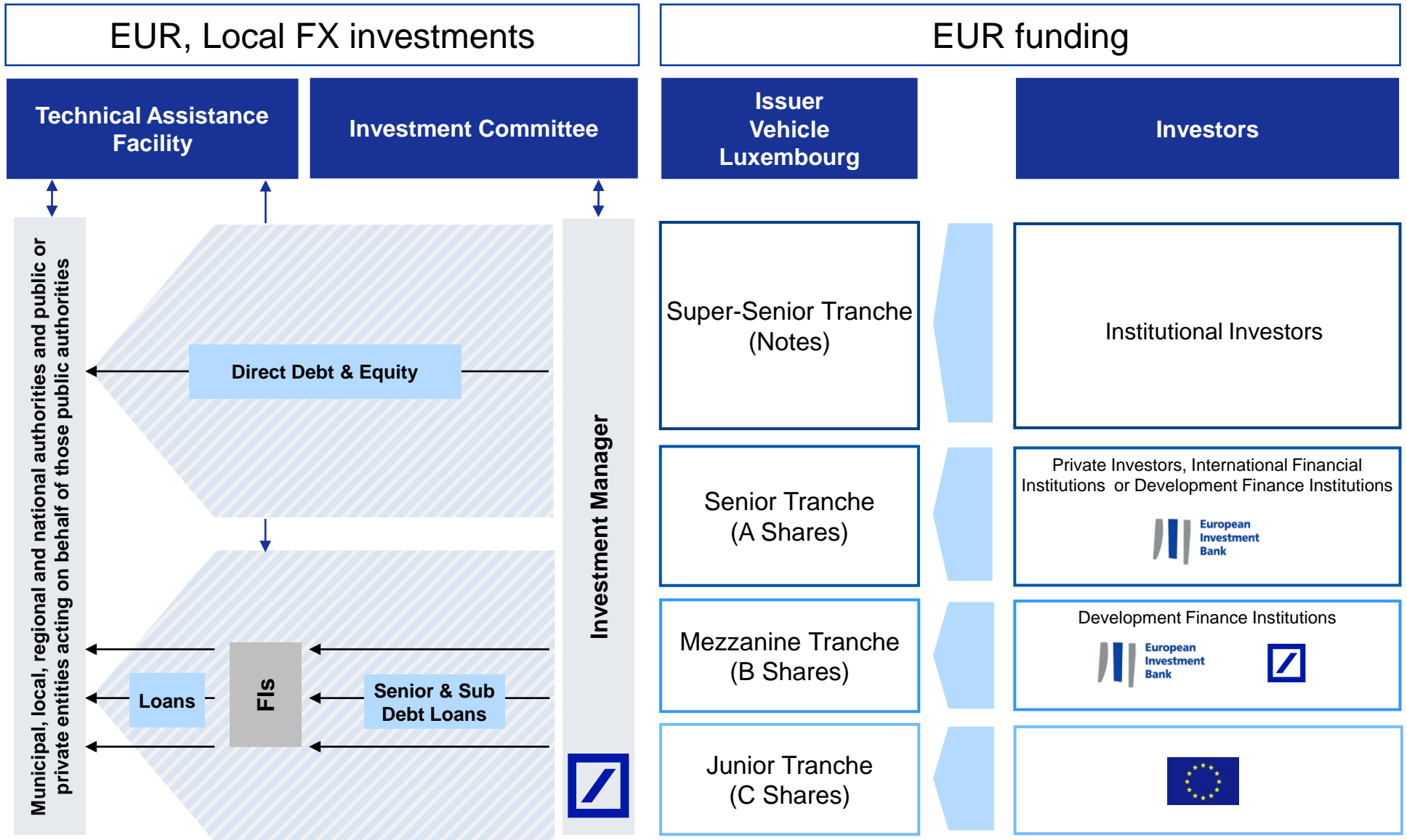
## Project selection criteria

- Investments must achieve at least 20 % primary energy savings for EE projects, except for the building sector where a higher percentage is required and 20 % reduction of CO2 emissions for transport
- Specific criteria e.g. in the context of economic viability may apply for some technologies
- Public authorities requesting financing for eligible projects should have concrete objectives in place to mitigate climate change (i.e. increasing EE or use of energy from RE through e.g. the Covenant of Mayors Initiative <sup>(b)</sup>) as well as multi-annual strategies in doing that
- The Fund will only consider proven technologies (see eligible EE/RE projects as defined on page 3)
- Fund should endeavor to invest in projects which can provide synergies with Structural and Cohesion Funds as well as projects which will enhance the use of ESCOs providing guaranteed energy savings
- Investments made by the Fund should be aligned with relevant EU legislation
- Especially for RE projects using biomass, it is essential that there is compliance with the Renewable Directive 2009/28/EC

<sup>(b)</sup> The Covenant of Mayors is a commitment by more than 2000 signatory towns and cities to go beyond the objectives of EU energy policy in terms of reduction in CO2 emissions through enhanced EE and cleaner energy production and use. For more information please go to: [http://www.eumayors.eu/home\\_en.htm](http://www.eumayors.eu/home_en.htm)



# EEEF structure



# EEEF pursues a twofold investment approach



## Direct investments into projects

- Investments in EE and RE projects in the range of €10m to €50m, average of €15m
- Investment instruments include senior debt, mezzanine instruments, leasing structures and forfeiting loans (industry partners)
- Also available equity (co-)investments for RE over the lifetime of projects or equity participation in private entities acting on behalf of municipalities, local, regional or national authorities
- Debt investments can have a maturity of up to 15 years, equity investments can be adapted to the needs of various project phases
- The Fund can (co-)invest as part of a consortium and participate through risk sharing with a local bank

## Investments via financial institutions

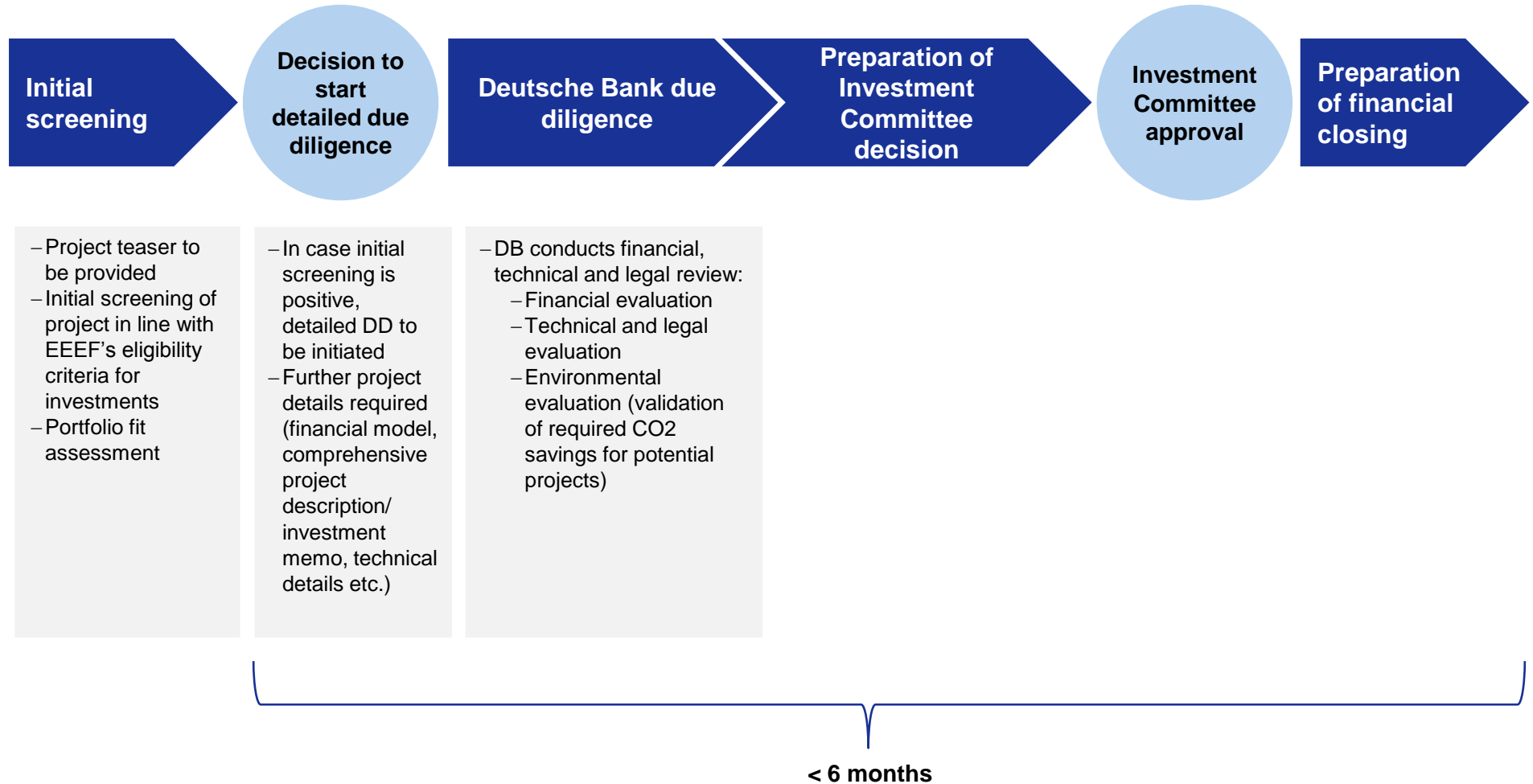
- Selected partner financial institutions will receive debt instruments with a maturity of up to 15 years
- These instruments include:
  - senior debt
  - subordinated debt
  - guarantees
- No equity investments in financial institutions
- Financial institutions onlend to the beneficiaries of the Fund meeting the Eligibility Criteria to finance EE and/or RE projects

- The Fund will invest in € or local currency exposures, however the latter is being restricted to a certain percentage

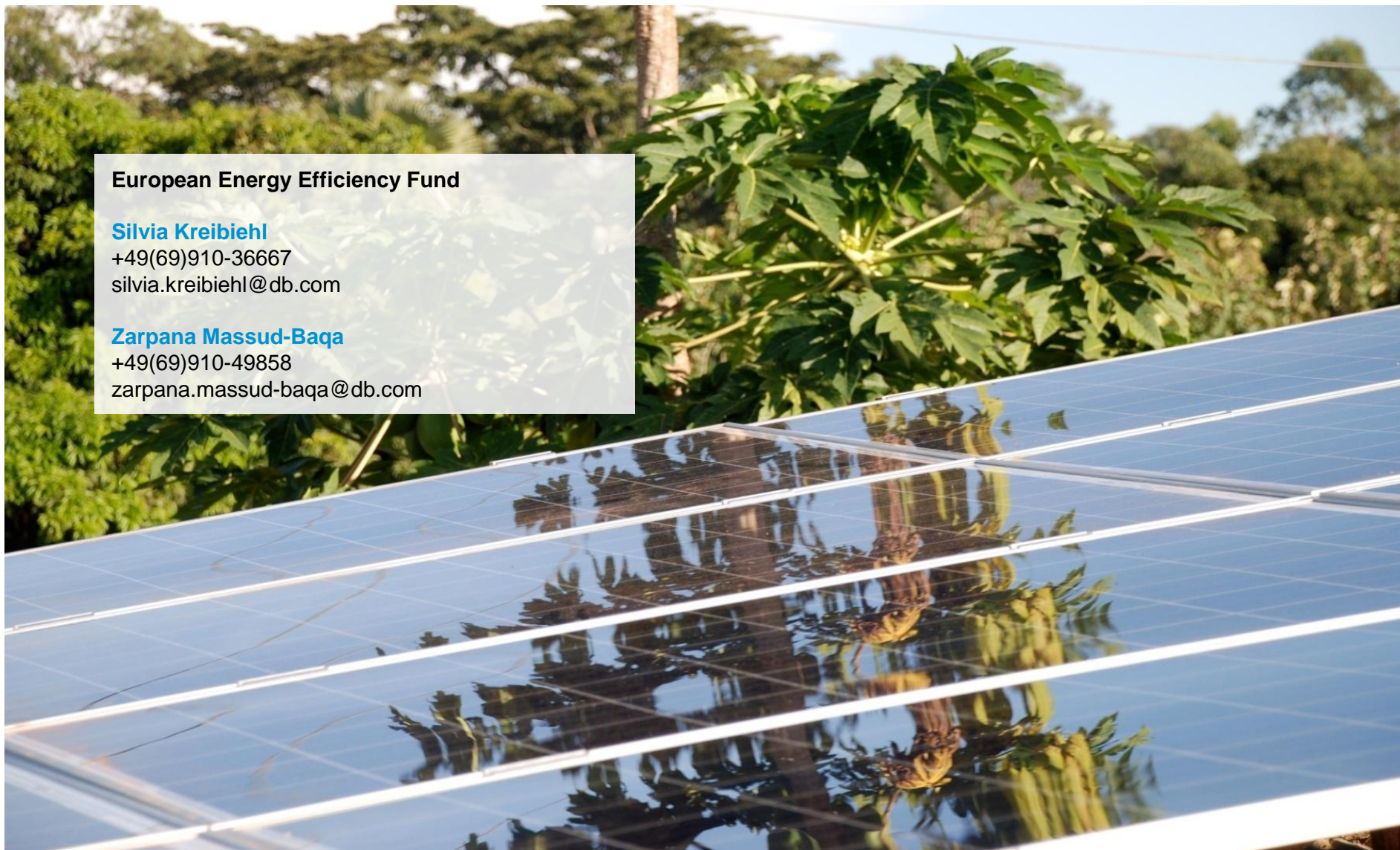
All projects have to reduce GHG emissions (savings depending on the technology type)  
Other than C Shares commercial returns for investors are targeted



# EEEF's investment process for projects



# Contacts



## European Energy Efficiency Fund

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