



CONFERÊNCIA INTERNACIONAL
**Roteiro Local para as
Alterações Climáticas:
Mobilizar, Planear e Agir**

ALMADA.PORTUGAL | 28 e 29 Maio 2009
Teatro Municipal de Almada



Sessão Plenária 4

29 de Maio | 14h30 - 15h45

Instrumentos e Mecanismos para a Acção Local

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Ferramentas do ICLEI para apoio à acção local no combate às alterações Climáticas: a campanha "Cidades para a Protecção do Clima (CCP)",
Maryke Van Staden, Equipa Ar & Clima, ICLEI Europa, Alemanha

O Pacto dos Autarcas e os objectivos europeus para a energia e o clima, Frédéric Boyer, Secretariado do Pacto dos Autarcas, Bruxelas, Bélgica

Financiamento da acção local para as Alterações Climáticas,
Juan Alario, Divisão Eficiência Energética e Renováveis (Project Directorate), Banco Europeu de Investimento, Luxemburgo

FINANCING OF CITY PROGRAMMES TACKLING CLIMATE CHANGE

**Juan Alario
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Head of Division, Energy Efficiency and Renewables
European Investment Bank (EIB)**

Local Climate Change Roadmap

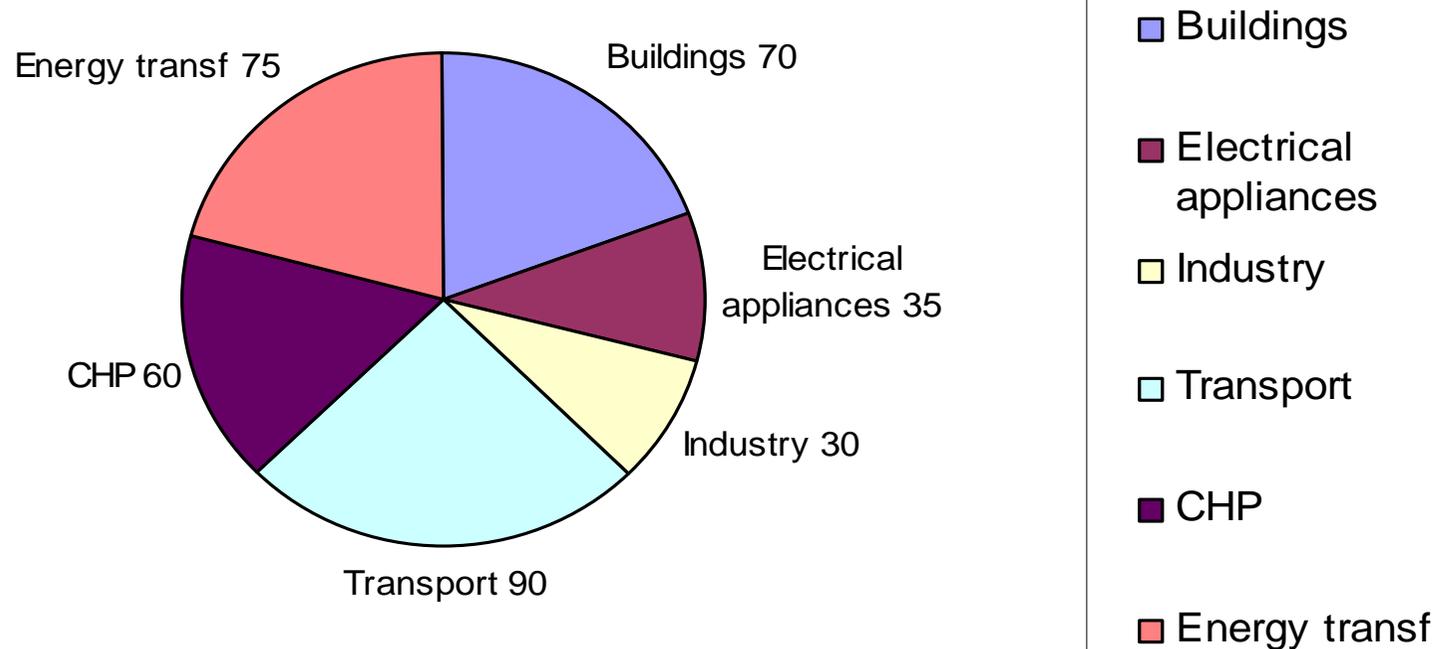
Almada, Portugal, 28-29 May 2009

1. Background: Energy in cities

- With higher energy prices since 2004/5 Energy Efficiency (EE) investments started to increase again
- Urban areas account for about 70% of the total primary energy demand of the EU
- Large investments in EE in cities, buildings and transport (larger than for the energy sector).
- Recently, EU cities starting to develop large programmes to tackle climate change, with a focus on energy efficiency (EE) and Renewables (RE) in buildings.

1.1. Energy efficiency potential in the EU

Potential energy savings in the EU by 2020+ (in MToe)
Source: Green Paper on Energy Efficiency



2.1 Financing of city programmes tackling climate change: Issues

General issues:

- Increase awareness and policy commitment: Covenant of Mayors
- Definition of targets and environmental and economic outcomes
- Creation of an entity that develops the programme
- Most EE/RE in buildings is profitable, pay back usually <10 years

Financing issues:

- Regrouping projects in packages and standardise approach, in order to reduce transaction costs
- Efficient use of public support, notably subsidies, to face specific barriers, as most projects are profitable
- Energy Service Companies can play an important role to implement and finance the investments, notably in buildings

2.2. Covenant of Mayors initiative: Issues for the financial sector



Action Plans should make:

- Realistic assessment of the investment requirements
- Identify potential financial aggregation or intermediation structures
- Assess needs and possibilities to obtain subsidies
- Identify barriers to develop the investments and ways to address them

2.3. New EC/EIB project development facility to support urban energy programmes (under preparation)



- Facilitate the preparation of large investment programmes in the fields of EE and RE in cities
- Main areas:
 - Buildings, including street and traffic lighting. e.g. EE investments, PV, solar thermal collectors, biomass, etc.
 - Urban transport to support increased EE and integration of RE, including high EE buses
- Beneficiaries: Local and regional authorities, including those under the Covenant of Mayors initiative
- Technical assistance, including market and feasibility studies, structuring of the programme, preparation of tender procedures, etc.

3.1 EIB instruments to support climate change initiatives by cities

- Individual loans to finance large projects/programmes
- Instruments to finance small investments: Global loans or framework loans
- Broad mix of products: from senior loans to quasi-equity finance
- Jaspers (in the NMS) and Jessica (revolving funds) can support the development of specific initiatives using Structural and Cohesion funds
- The EIB is working with the EU Commission to set up a 15 MEUR grant fund to provide technical assistance to cities or groups of cities developing EE/RE programmes

3.2 Financial instruments to support cities tackling CC

Adapted financing is an important instrument to develop these programmes. Generally, to be effective, financing must be combined with other instruments:

- Financing and TA: credit lines, with the technical support of a specialised entity
- Combining grants with loans: i.e. grants for direct subsidies, energy audits and higher processing costs for Financial Intermediaries.
- Financing instruments involving higher level of risks than senior loans: for instance equity funds or risk-sharing loans to support ESCOs
- Jessica can develop revolving funds to support city projects using Structural and Cohesion funds

The EIB has experience in all of these instruments

3.3 Examples of recent EIB operations

Existing operations

- Financing of social housing projects where EE is an important part of the investments e.g. Social housing in Vienna
- Investments in new and existing public buildings in France to comply with stricter EE standards, with Groupe Caisse d'Epargne et ADEME
- Financing of the Photovoltaic plan of the region Poitou-Charentes, France.

New operations under preparation:

- RE and EE in the public buildings of the Barcelona province, involving private companies, mainly ESCOs
- EE in the public buildings of the Milano province, using ESCOs

4. Conclusions

- ✓ Recently, several cities have launched large programmes to tackle climate change, involving substantial investments, particularly in buildings.
- ✓ These programmes can reduce energy cost for cities and can create substantial employment.
- ✓ Adapted financing (combined with other instruments, such as TA) can support the development of climate change programmes in cities
- ✓ The EIB is supporting cities' initiatives in this area, including the development with the EU Commission of a Project development facility, notably to contribute to the Covenant of Mayors initiative.