



# **Innovative instruments to support energy efficiency in cities: JESSICA and ELENA**

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Warsaw, 10 June 2010

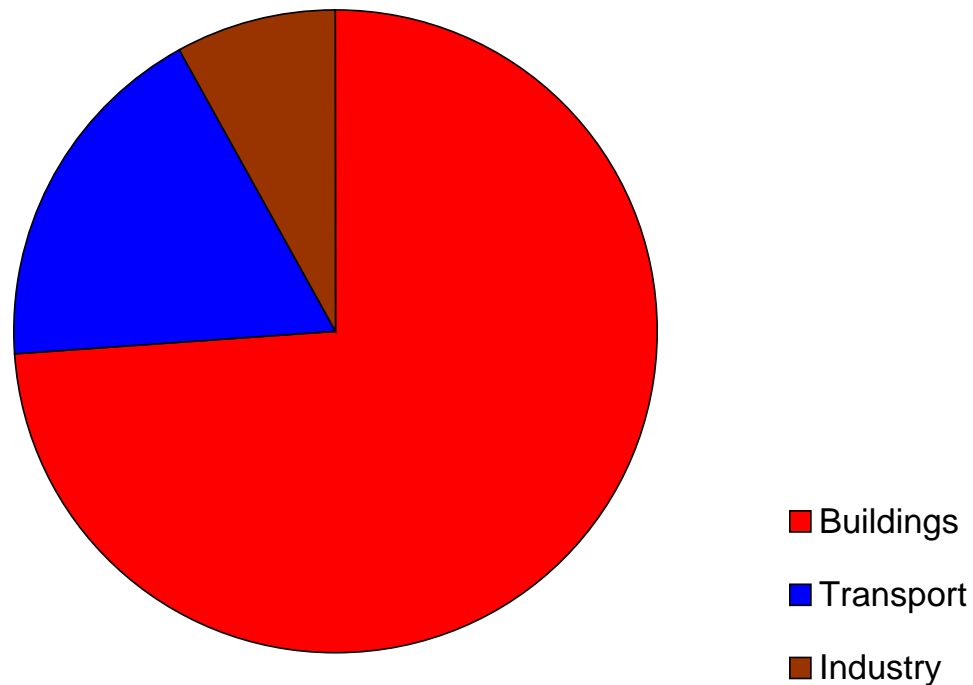




# Introduction



# Energy efficiency in cities



*CO<sub>2</sub> emissions in Brussels*



- Urban areas are responsible for 70% of energy consumption in EU.
- Buildings sector is the main energy consumer in EU followed by transport.



# EE investments in cities



- Need to implement large investment programmes in order to reach energy and climate change goals
- Buildings:
  - Part of the potential can be developed without grants, for the rest grants are needed
- Transport:
  - Generally, substantial grants are needed, e.g. for high efficient buses or electric cars
- Barriers:
  - Implementation of EE programmes encounters technical and administrative obstacles
  - There are limited financing possibilities



# Financing can help to develop EE in cities



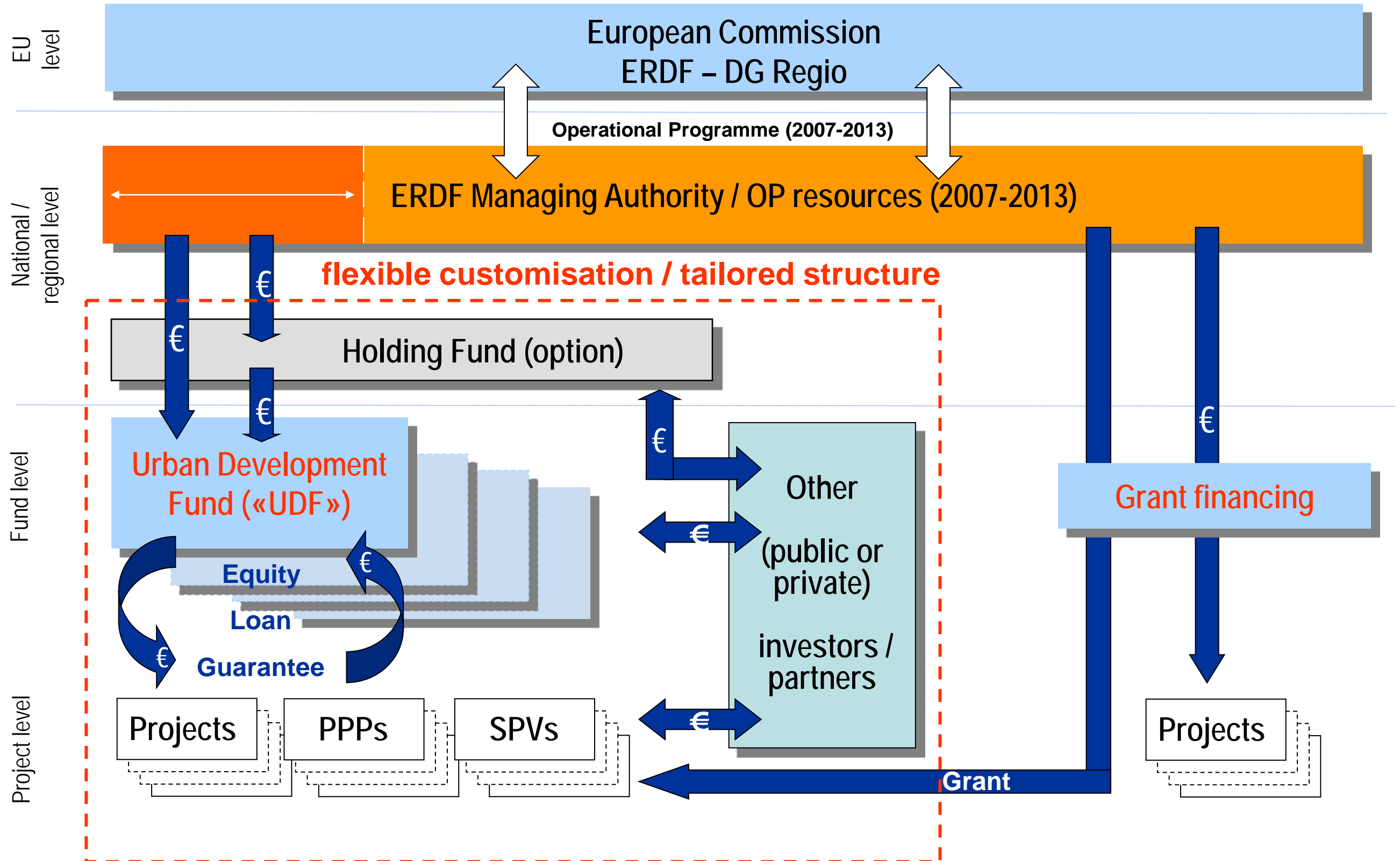
- To implement large EE programme a responsible entity needs to be put in place
- Financing instruments need to support actions in EE and increase leverage between subsidies and investments:
  - Technical Assistance, such as ELENA
  - Loans, equity, guarantee (e.g. JESSICA)
  - Grants from national or EU budgets or from other sources (e.g. white certificates)



# **JESSICA – Joint European Support for Sustainable Investment in City Areas**



# JESSICA - main components



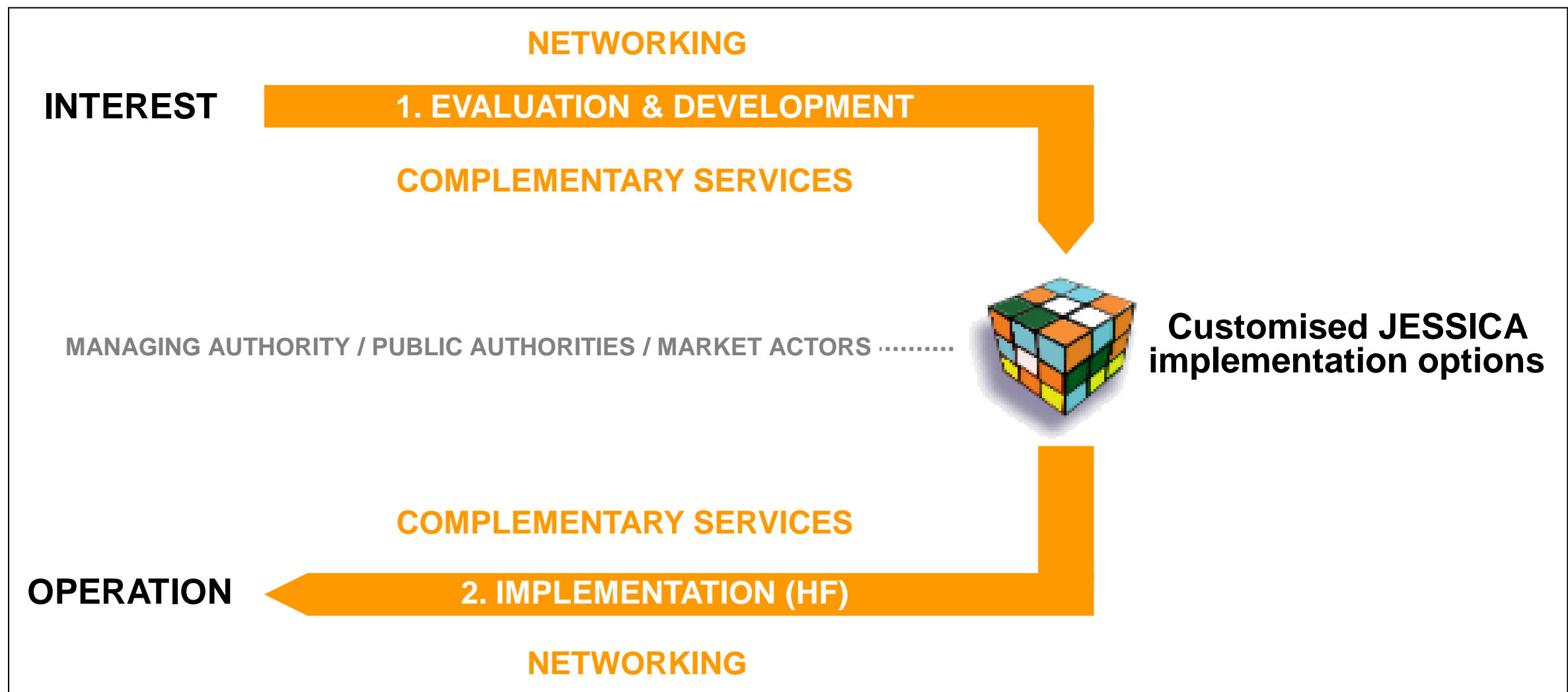


# The role of EIB

- EIB taking a leading role, alongside DG-REGIO, in **promoting and developing JESSICA instruments in MS**
- SF Regulations specifically provide for **EIB to act as a Holding Fund** (on a not-for-profit basis)
- **Technical assistance** and dissemination of best practice, based on established expertise in lending to urban renewal/regenerations projects across the EU
- **Providing complementary loan financing**



# EIB activities



## 1. Evaluation studies

- Assess feasibility
- Provide guidance on possible development and implementation of JESSICA

## 2. JESSICA implementation



# EIB JESSICA activities in 2010



## ⇒ State of play

- 19 MoUs in place; 10 HF Funding Agreements with MAs in 7 Member States; total amount of 1 BEUR under EIB HF management

## ⇒ Key objectives & work-programme 2010

- Implement existing HFs: identify and select UDFs for investment of HF resources
- Establish further EIB HFs in interested or already committed constituencies: anticipated volume up to 500 MEUR
- First operational agreement signed in May 2010

## ⇒ Outlook 2010

- Total amount of ERDF resources dedicated to JESSICA instruments (EIB & non-EIB / HF or UDF structures) could reach 1.6 – 2.0 BEUR by the end of 2010



# EIB JESSICA activities in 2010



EIB Holding Fund mandate			Implementation progress							Theme
Managing Authority	Volume (EUR m)	HF FA	0	1	2	3	4	5	6	Investment focus / Main area of activity
HF - Wielkopolska (PL)	67	II/09								Revitalisation of problem areas / Business enhancement institutions in urban areas / Housing improvement
HF - Andalucía (ES)	86	II/09								Urban regeneration (Tourism, Culture / Sports, Housing, Energy Efficiency)
HF - Lithuania (LT)	227	II/09								Energy Efficiency in Housing
HF - Portugal (PT)	130	III/09								Under discussion
HF - WestPomerania (PL)	33	III/09								Urban regeneration / Urban infrastructure / Revitalisation of Szczecin
HF - London (UK)	110	IV/09								Energy Efficiency in Urban Infrastructure
HF - NorthWest England (UK)	110	IV/09								Urban Regeneration
HF - Sicily (IT)	148	IV/09								Area-based development and Energy Efficiency
HF - Moravia Silesia (CZ)	20	I/10								Brownfield revitalisation
HF - Campania (IT)	100	I/10								Urban regeneration

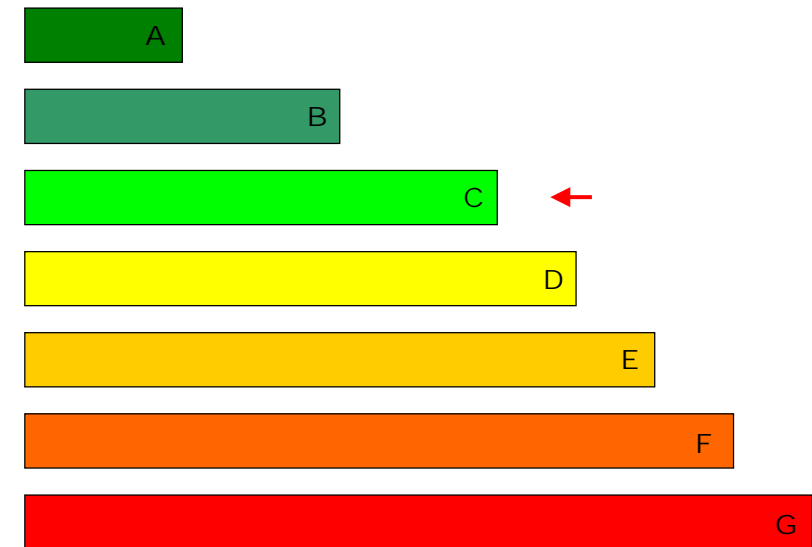
- Key implementation stages:
  - 1 HF Agreement signed / Investment strategy / Investment board
  - 2 Tender in preparation
  - 3 Tender launched
  - 4 Offers received
  - 5 UDF(s) selected
  - 6 Operational agreements in place (HF/UDF)



# JHF in Lithuania



- Favorable market situation
- Low interest loans (UDF)
- Grants covering project preparation costs when “D” energy class achieved
- Grants of 15% of project costs when “C” energy class achieved



TA provided:

- Assistance on programme implementation and optimisation
- Assistance on establishing sound programme management
- Streamlining of the procedures



**ELENA - European Local ENergy Assistance**



# ELENA - overview



- Grants to prepare investment programmes covering up to **90% of eligible costs**.
- **Only Public Bodies** from IEE countries can apply.
- Area: RE in the built environment, energy efficiency, district heating, transport.
- **3 years** to implement the programme (required project maturity).
- Firm action plan required.
- Minimum **leverage factor of 25**.
- Replication potential (innovative solutions, **minimum project size of 50 MEUR**).



# ELENA - overview



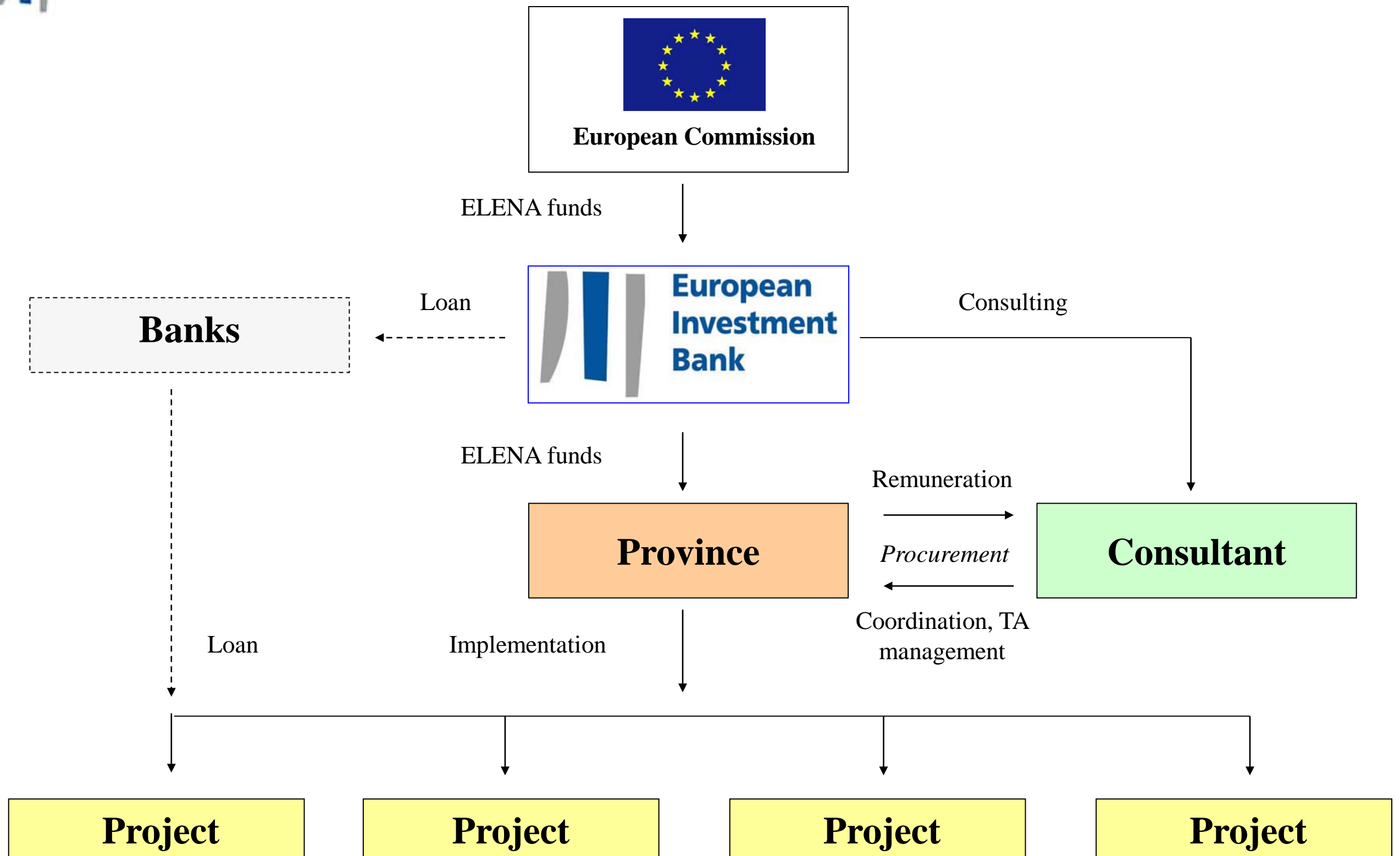
## **ELENA** **(Project Development Services)** **90% grants**

Support to Final Beneficiaries with:

- Refine Feasibility studies
- Business Plans
- Technical studies (energy audits)
- Procurement/tendering/contracting
- Additional technical staff
- Financial structuring

## **INVESTMENT PROGRAMME**

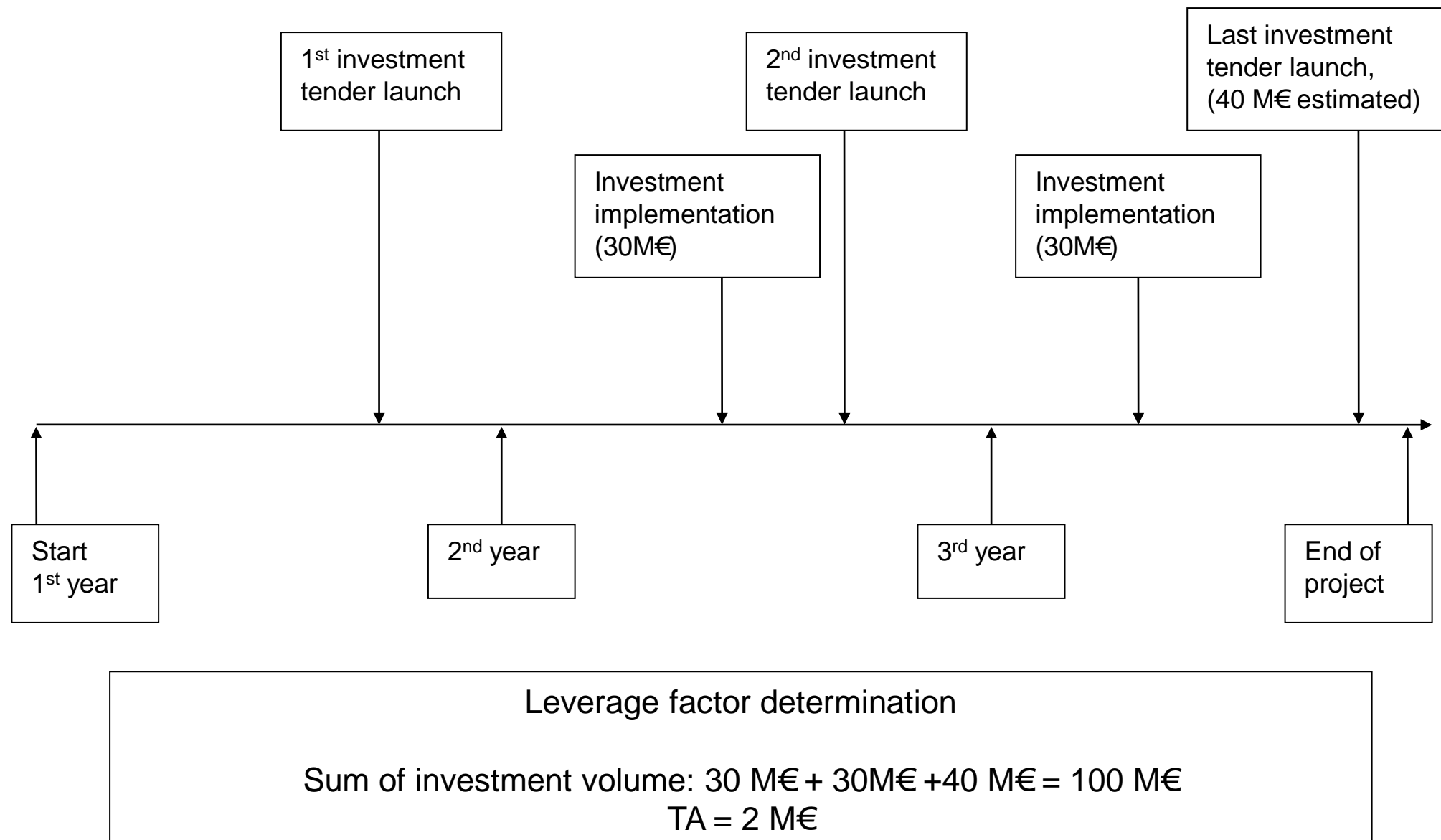
- **EE and RES investments** in public and private buildings, including social housing and street and traffic lighting
- **DH networks**
- **Decentralised CHP**
- **Urban transport** to support increased energy efficiency and integration of renewable energy sources
- **Local energy infrastructure** to support developments in previous sectors







# Determination of investment costs



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 for 2009 = 15 MEUR)



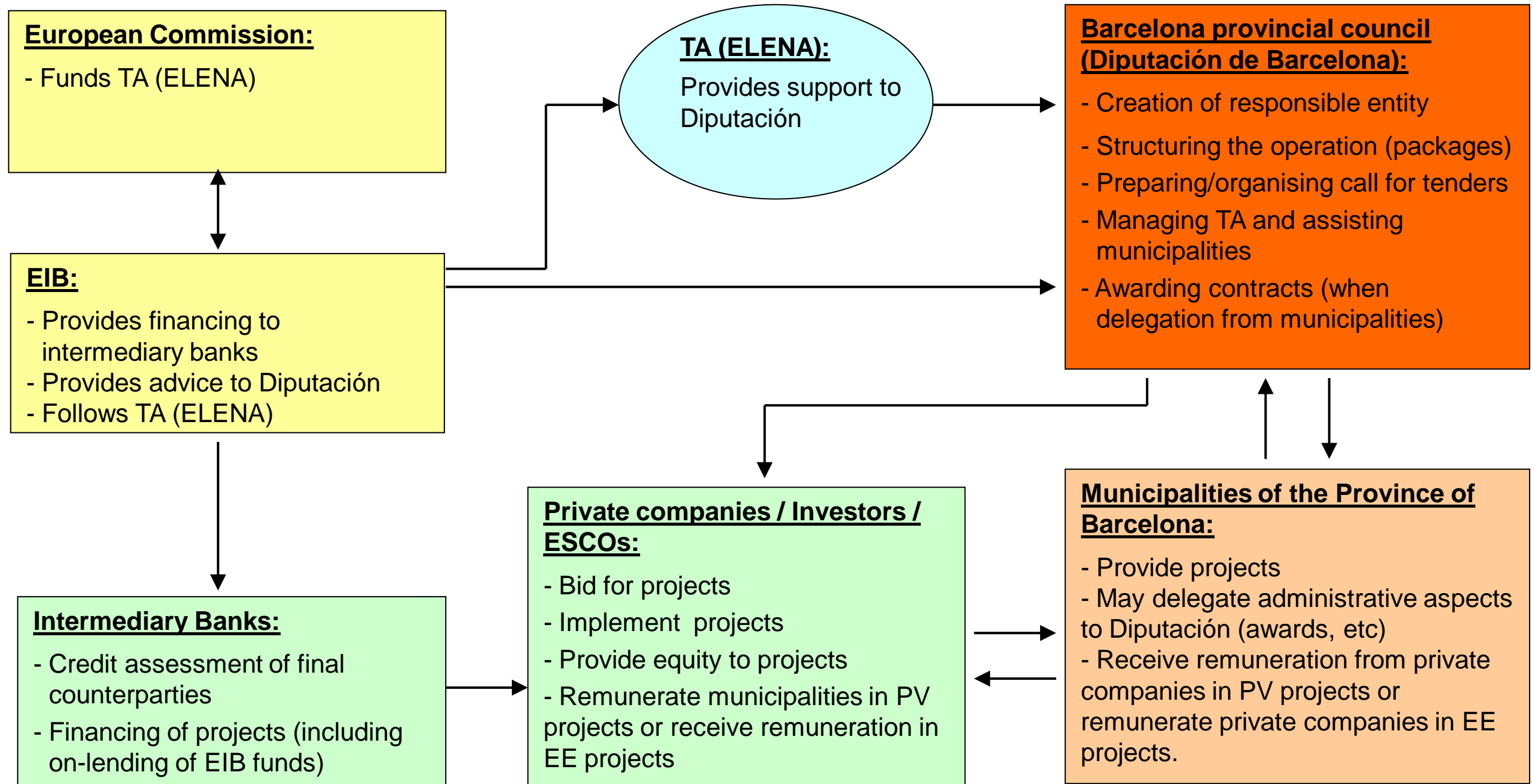
# EE and RE in Barcelona Province



- Province includes 311 municipalities
- Population: 5.3 M inhabitants
- Strong commitment to climate change: over 80 municipalities have joined the Covenant of Mayors initiative
- Features of the investment programme:
  - Using ESCO scheme
  - Building integrated PV
  - EE in buildings and street lighting
  - EIB loan of 250 MEUR (investments financed 500 MEUR)
  - Expected results: RE - 114 GWh/a, EE – 280 GWh/a, 200 ktCO<sub>2</sub>



# EE and RE in Barcelona Province





# Summary



- Large investments are needed to meet energy and climate change goals
- JESSICA is an efficient way of using SF to leverage investments
- ELENA aims at accelerating the investments
- TA needs to be linked to implementation to be effective
- Combining ELENA and JESSICA can make the EE investment programmes move forward



# EIB CONTACT INFORMATION



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**Thank you for your attention**

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