



2010 Annual POLIS Conference
Innovation in Transport for
sustainable cities and regions



THE ELENA FACILITY

(European Local ENergy Assistance)

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European Investment Bank (EIB)



European Investment Bank

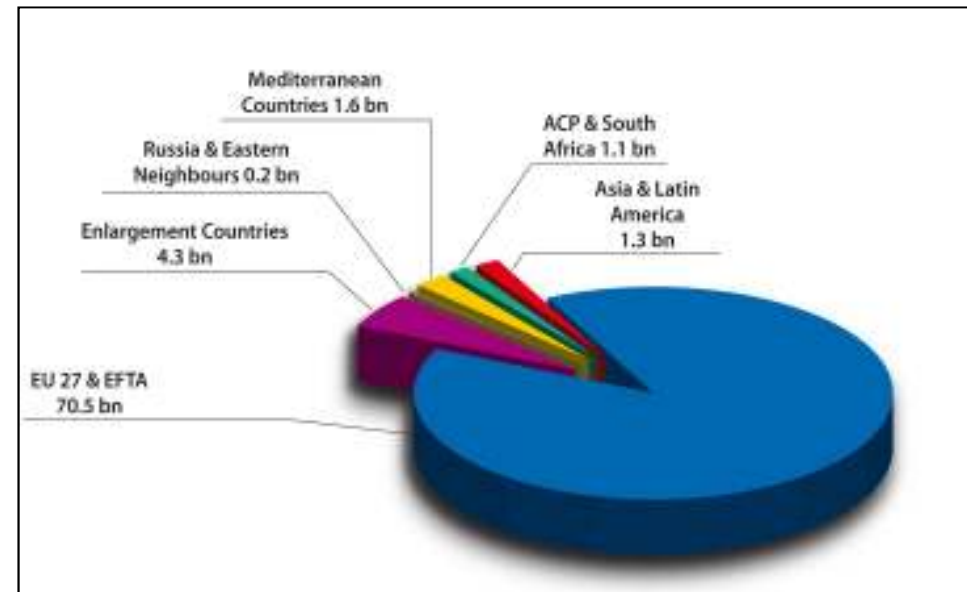
Profile



The **European Investment Bank** is the European Union's long-term financing institution. The Bank, acting as **an autonomous body**, was set up to further European integration by financing capital projects which promote EU policies.

Some facts about the EIB:

- Created by the Treaty of Rome in 1958
- **Policy driven institution**
- Owned by the 27 EU member states
- Subscribed capital of EUR 232.4bn
- Raises funds on the capital markets (2009: EUR 79.4 bn)
- Signed loans amounting to EUR 79.1 bn in 2009





EIB approach to Urban Policy



- **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, security, social cohesion etc.
 - Subsidiarity principle
- **The Leipzig Charter (2007)**
 - Sustainable communities, avoiding urban sprawl
 - Ensure urban sustainability, taking advantage of existing assets: focus on renewal and regeneration
- **The EIB role:** respond to the “Declaración de Toledo 2010” agenda within a stronger cooperation framework
 - Traditional instruments enhanced + innovative solutions
 - Sustainable communities (long term strategy)
 - JESSICA initiative (mobilizing private capital)
 - Networking initiatives and technical assistance



Background:

Energy consumption in cities

- Urban areas account for about 70% of the total primary energy demand of the EU
- Under the IEA reference scenario, urban energy consumption is projected to increase to twice the rate of the EU as a whole
- Cities consume a higher share of gas, electricity and heat than the EU average and a lower share of coal, oil and biomass

EIB supports the Covenant of Mayors



A commitment towards Europe's energy and climate policy



Preconditions for a city energy programme

1. Willingness to embark on a challenging new task
2. Capacity to prepare a large programme to reduce transaction costs and attract the interest of investors
3. Plan how to make projects bankable right from the beginning
4. Find the right balance between projects to be implemented by the private and by the public sector
 - utilise public sector finance for the investments with limited profitability
5. Creation or identification of a source of financing adaptable to the project needs



OVERVIEW



ELENA

(Project Development Services)

Grant funding to final beneficiaries for:

- Additional technical staff
- Additional technical studies
- Additional feasibility studies
- Procurement/tendering
- Financial structuring

INVESTMENT PROGRAMMES

- **EE and RES investment in public and private buildings**, including social housing and street and traffic lighting;
- **Urban transport** to support increased energy efficiency and integration of renewable energy sources;
- **Local energy infrastructure** to support developments in previous sectors including smart grids, ICT, etc.



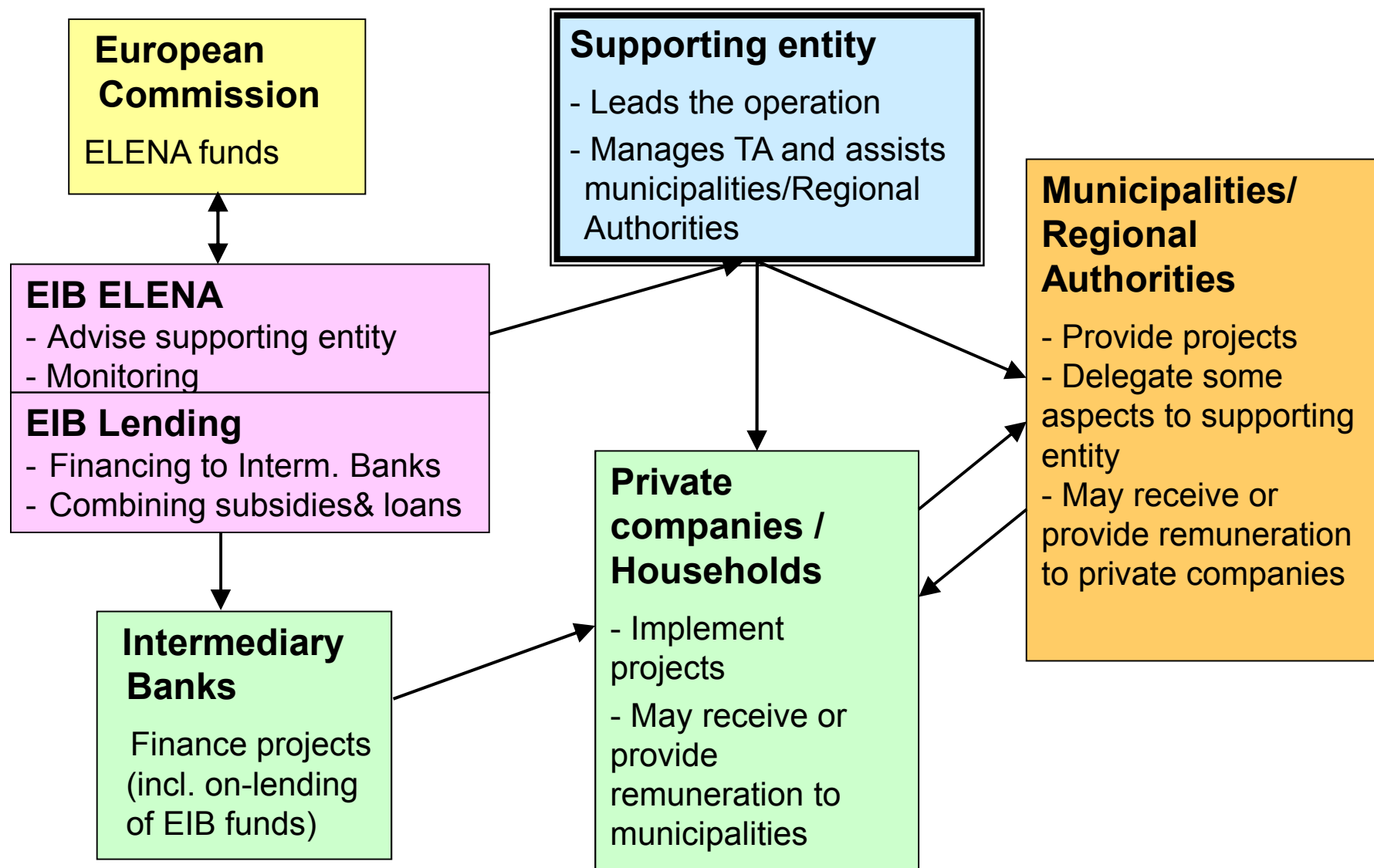
European Local ENergy Assistance - ELENA

- 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).
- Applicable to Energy Efficiency; local renewables; clean urban transport.
- Market replication focus
- Investment leverage required (**ratio 25**) investment and grant
- 90% funding rate for costs of TA (grant)
- Budget allocation 2009: 15 M €
2010: 15 M € & 2011; 19M €





Example of a Local Climate Change project





ELENA – local urban transport



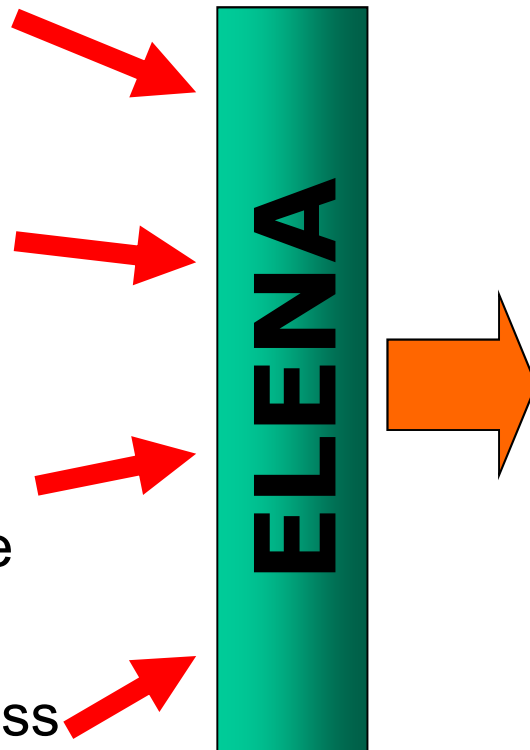
- **ELENA aims at helping public entities by offering technical advisory support to facilitate the implementation of investment programmes.**
- **In the urban transport sector:**
 - Renewing of public transport buses with high energy efficiency and environmental performance, superior to the current standards imposed by EU regulations.
 - Investments to facilitate the introduction of electric vehicles, trams or bicycles and their supporting infrastructure.
 - Investment to introduce more energy efficient solutions to improve freight logistics in urban areas.
 - Definition of new financial instruments oriented to provide advantageous long-term financing to urban transport operators when replacing or expanding their bus fleets with new vehicles outperforming existing environmental regulations.



ELENA: Tailored financial instruments

Open Issues:

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



Challenges:

- How to internalise (extra) costs
- How to monetise 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

Examples of ELENA projects in public transport

1. Public transport fleets

ELENA projects in:

- Vila Nova de Gaia (Portugal)
- Barcelona (Spain)
- Madrid (Spain)

ELENA support requested for:

- Studies to facilitate the implementation of new energy-efficient buses (hybrids and electric) in the fleet
- Studies to support the deployment of the new bus network
- Definition of a tailored instrument to set the tariff integration model appropriate to the particular city mobility pattern
- Development of software applications to promote sustainable transport.





Examples of ELENA projects in public transport



2. Electric Vehicle & Charging stations

ELENA projects in:

- **Madrid (Spain)**
- **Vila Nova de Gaia (Portugal)**
- Aegean Islands (Greece)
- Several Municipalities (E-laad/Neetherlands)



ELENA support requested to:

- Implement the project (electric vehicles and charging stations) through the involvement of Public and Private Partnerships.
- Define the best approach to utilise investments for charging stations in public and private buildings and open spaces according to the relevant local/national law.



Examples of ELENA projects in public transport



3. Trams and Bicycles

ELENA projects in:

- ❖ Cities of Malmö, Lund, Helsingborg and Region Skåne (Sweden): SPIS Tram
- ❖ Reikjavik (Island): Bicycle Plan



ELENA support requested to:

- ❖ Unite staff and make maximum use of synergies in terms of joint final studies and planning, procurement and tendering common technical platforms and use of trams.
- ❖ Structure financial plans both for implementation of the investment program and for running the future trams
- ❖ Identify the best approach to implement a bike network .



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



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- Pre-Application
 - 1-2 pages document
 - Required information
 - Brief description of planned investment programme and implementation approach
 - Expected investment cost and development schedule
 - Amount, scope and main requirements for technical assistance
- If first reaction is positive: start to fill in application form

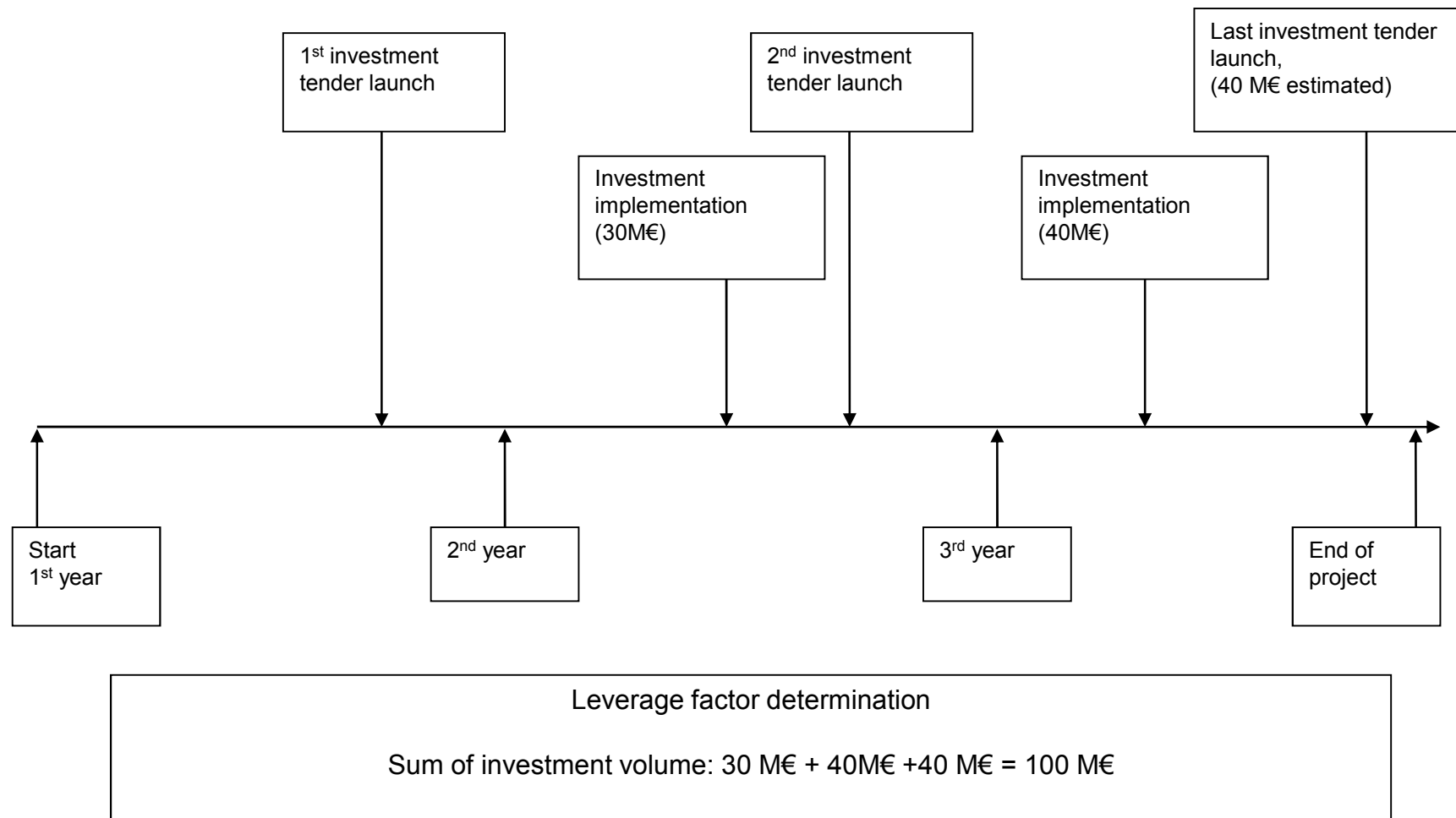


European Local ENergy Assistance -- ELENA

- Application
 - Content of application form:
 - Applicant's identification
 - Applicant's situation
 - Presentation of the Investment Programme with **expected results in terms of increase in energy efficiency, decrease in energy consumption, renewable energy production and reduction of greenhouse gas emissions**
 - 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



Determination of investment costs





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➤ 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



For more information...



<http://www.eib.org>

<http://www.eib.org/elena>

elena@eib.org

Thank you for your attention