



FINANCING RENEWABLE ENERGY TECHNOLOGIES IN THE EU

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1.1 Key issues for discussion

- A long term perspective is needed to promote investment and innovation: 2020 is not enough, we should have objectives for 2030
- The success of on-shore wind in leading markets has to be replicated elsewhere (on-shore wind close to competitiveness with alternatives); positive developments recently
- Problem with emerging technologies (mainly PV, CSP and off-shore wind): as market expands total subsidies increase very rapidly becoming unbearable: need for well designed market support mechanisms that promote cost reductions.



1.2 Key issues for discussion

- Address market failures that prevent the development of diffuse renewables, such as biomass and geothermal for thermal uses, solar thermal or heat pumps
- Address obstacles to deployment: permitting process, electricity network access and capacity, regulatory risks, etc.
- Support during the financial crisis and for specific innovative enterprises and research (the SET plan).



2. Financing Renewable energy projects: issues

- A clear and stable policy and regulatory support framework is key:
 - Issues in the emerging markets and RE technologies: uncertainties
 - Combining grants with loans to address market failures
 - Mitigating risks, when relying on electricity, green certificates and CO2 markets; if not uncertainties and costs increase
- Financial sector capacity to assess and mitigate project risks:
 - Well established for hydro, wind, PV and CSP
 - Problems for some RE, such as for biomass (raw material risk), geothermal (reservoir risks) or new technologies in general
- Specific instruments to support innovative enterprises, as they are exposed to substantial market uncertainties and technological risks

3. EIB support to low carbon technologies

- Substantial lending in low carbon technologies
 - Lending of 2.2 bn to RE and 0.7 bn to EE in 2008, with rapid expansion in 2009
 - Support the less developed technologies (e.g. off-shore wind) and markets (e.g. EE in cities)
- Expanding support during the financial crisis
- Adapted financial instruments, such as combining grants with loans
- Strong cooperation with the Commission to develop new initiatives for low carbon technologies, including CCS
- Specific instruments for RDI projects: reinforce RSFF
- Equity funds for energy, renewables and transport (Marguerite)
- Develop a new TA service (ELENA) to support urban energy programmes