

How is the energy crisis affecting EU Member States? EU and EIB response to the energy crisis

JASPERS Stakeholders Meeting 2022

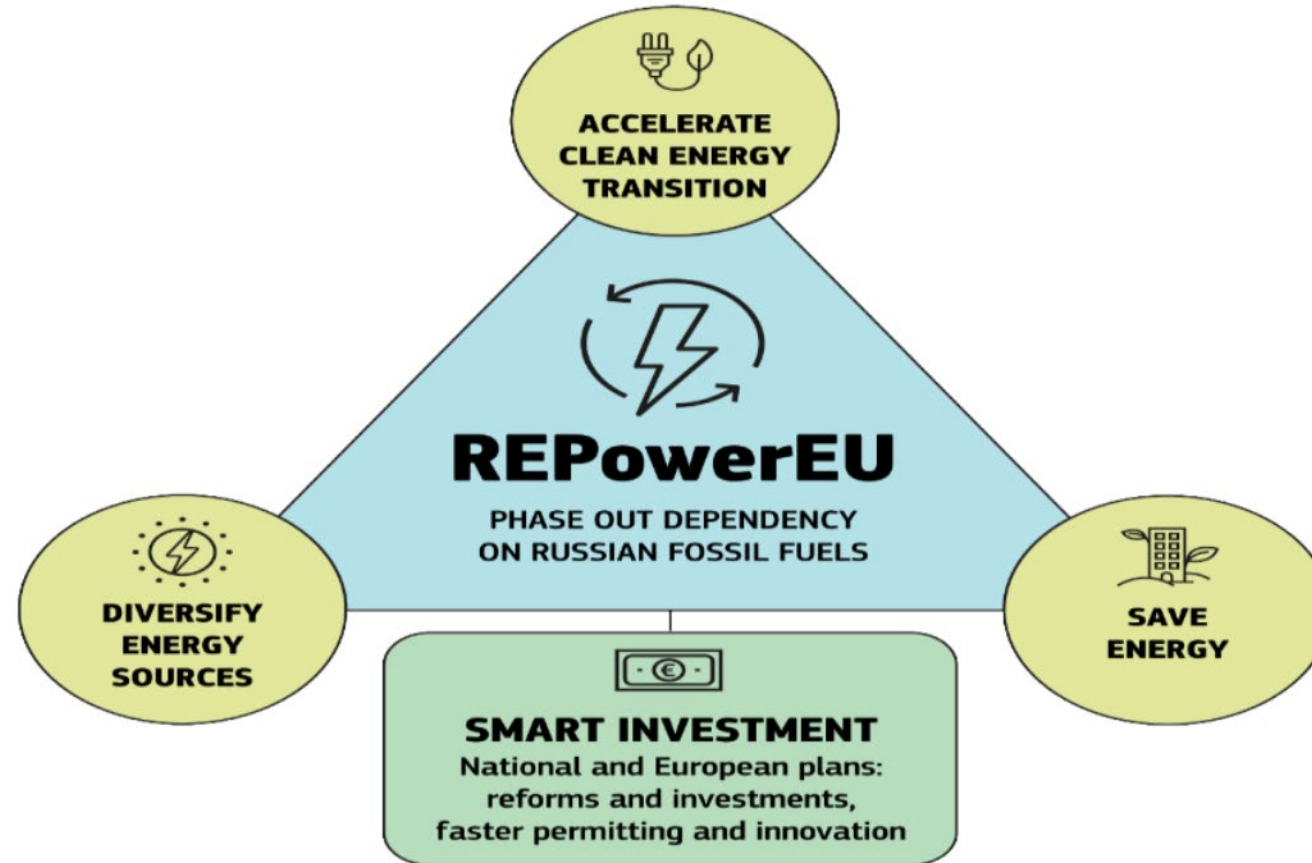
Brussels, 27th October 2022



Market recap

- Russia is EU's largest gas supplier and a major oil producer
- Gas and oil markets tight globally
 - Use of energy as economic/political weapon by cutting supplies
- Europe cannot cope without Russian gas without significant demand reduction
 - Issue of timing
 - Mitigants for the short term:
 - Increase of LNG supply
 - pipeline/terminal constraints,
 - fill in storage,
 - demand reductions
 - emergency preparedness,

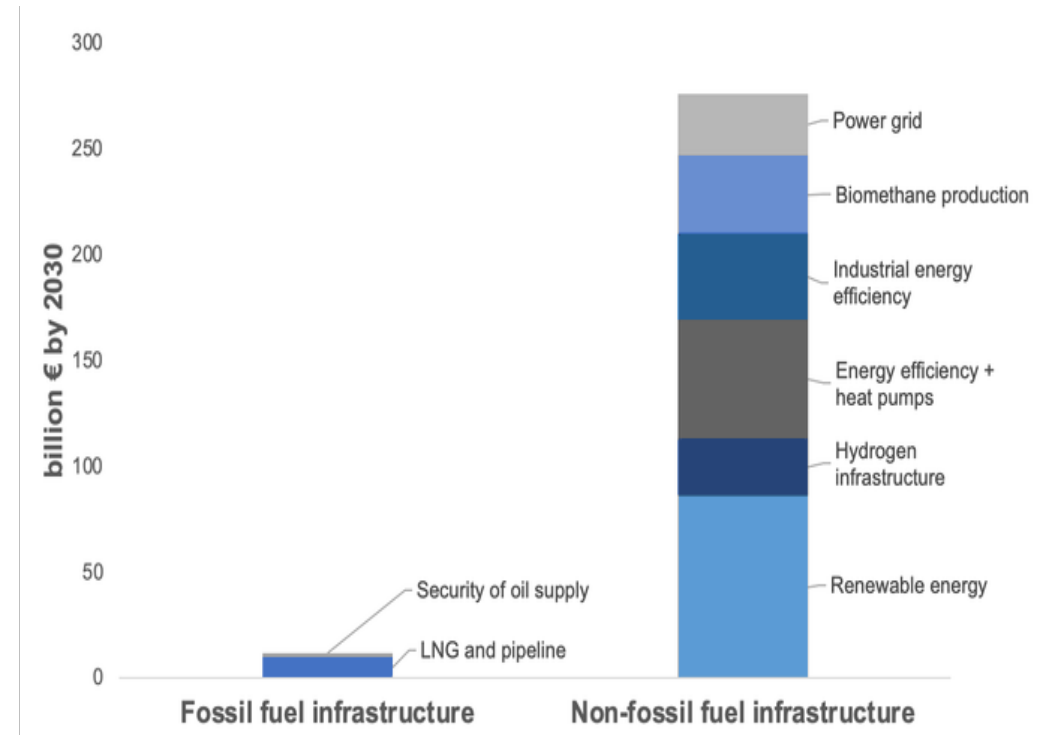
REPowerEU Plan



REPowerEU: Accelerate Energy Efficiency and Renewables

- Additional investment of €210 billion between now and 2027
- New proposed targets
 - 45% renewables by 2030
 - Increase from 9% to 13% of the binding Energy Efficiency Target
- Goal of 55% emissions cut by 2030 remains unchanged
- MS will determine success

REPowerEU additional investments, on top of fit-for 55 (EUR bn 2022-2030)



The EIB response

Significant increase of energy related lending from EIB resources

- Sustainable energy
 - Renewable energy investments
 - Grids and Storage
 - Low carbon gas infrastructure
- Energy Efficiency and Energy Transition
 - EE in buildings
 - Energy transition
 - EE in hard to abate sectors
- Green innovation (including low-carbon hydrogen)
 - Green tech funds
 - Green innovation of large corporates
 - Net zero transition of hard to abate sectors
 - Green developers

Increased Advisory support

- Project advisory support & pipeline building
 - Focus on energy transition & innovation
 - Product development incl. blending for energy efficiency
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JASPERS support

- Energy efficiency in buildings
- DH systems
- Renewable energy & Smart Grids

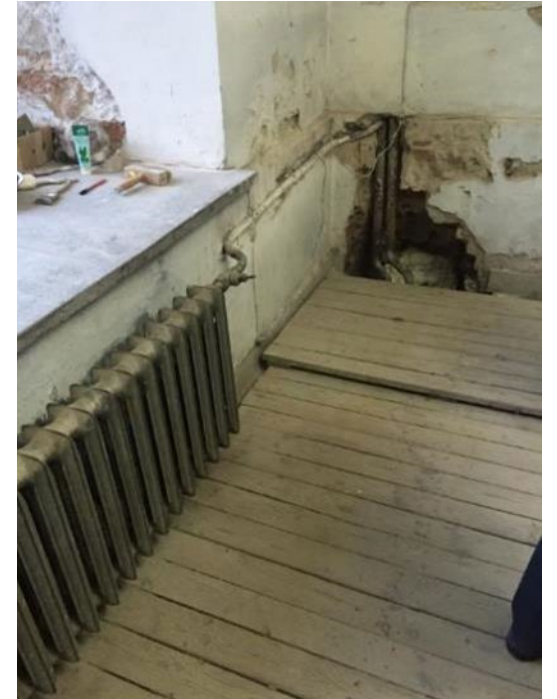
EE in buildings

Implementation of the Renovation Wave + REPowerEU

- double the annual energy renovation rate of buildings by 2030,
- foster deep energy renovations,
- 35 million building units renovated by 2030,
- EUR 90 bn in additional investments per year (the lion's share).

Examples of JASPERS support

- Collaboration with Ministry of Culture in Poland.
- Renovation of 139 arts schools with 252,623 m² floor area.
- 60% energy savings, 70% CO₂ emission savings.
- Support to options analysis and economic analysis
- Slovenia: Implementation of EPC projects in the public sector and on combining grants and FI.
- Poland, Slovakia, Latvia, Lithuania: Support to Energy Performance Contracting



DH systems

- There are some 10,000 DH systems in the EU, serving 70 million citizens.
- DH provides 9% of heating in the residential sector.
- DH still mainly relies on fossil fuels (75%).
- The total GHG emissions from the DH sector correspond to 5% of total GHG emissions associated with energy consumption in the EU.
- In Poland, some 80% of the DH systems do not comply with the efficient district heating system definition.

Examples of JASPERS support

- Support to major projects in Zagreb and Bucharest.
- Support to smaller systems in Slovakia, Romania, Croatia.
- Multi-criteria analysis of decarbonisation options



Renewable energy & Smart Grids

- Support to wind, biomass, geothermal, solar (e.g. Wind Float, Provence Grande Large, CEZ biomass CHP).
- Focus on innovative technologies and energy communities.
- Support to power transmission and distribution projects (e.g. PSE S.A., ADMIE, Transelectrica).
- Focus on smart grids at local level and power storage projects



Conclusions

Already challenging environment in implementing the Fit for 55 package

- Substantial investment effort is required to meet 2030 decarbonisation objectives.
- Considerable funding was made available under the Green Deal.
- Key sectors in 2021-2027 FP include: EE in buildings, DH, RE and smart grids.
- Effective absorption of funds may be challenging, new approaches to implementation may be necessary.

Additional challenges in the current context

- Significantly increased investment needs
- Focus should be on long-term investments to ensure independency

Support available under JASPERS

- JASPERS has a mandate to support projects funded with ESIF and JTM resources.
- JASPERS TA may support project promoters and MA in the preparation of individual projects as well as on horizontal topics.

Further Support available from the EIB both lending and advisory

- Significant increase in EIB lending
- Additional advisory support both upstream and downstream
 - TARGET; ELENA; InvestEU Advisory Hub