

eeef - European Energy Efficiency Fund

Michael Schneider, Deutsche Bank AG

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Executive summary

Objective	<ul style="list-style-type: none">eeef is an innovative public-private partnership dedicated to mitigating climate change through market based financing in the member states of the European Union
Beneficiaries	<ul style="list-style-type: none">Municipal, local and regional authorities or public and private entities acting on behalf of those authorities such as utilities, public transportation providers, social housing associations, ESCOs etc.
eeef's capital	<ul style="list-style-type: none">Initial capitalization of the fund amounting to €265mn provided by the European Commission, the European Investment Bank, Cassa Depositi e Prestiti and Deutsche BankIn addition Technical Assistance (TA) facility of €20mn provided by the European Commission
Investments	<ul style="list-style-type: none">Fund's investments are split into three project categories:<ul style="list-style-type: none">– Energy Efficiency (EE)– Renewable Energy (RE)– Clean Urban Transport

Objective and sponsors of the European Energy Efficiency Fund (eeef)

Background and objective

- Commitment of the EU member states to achieve the 20/20/20 goals: 20% increase in EE, 20% reduction of CO₂ emissions, and 20% RE in EU's energy mix by 2020
- Substantial potential for EE and small scale RE in the European public sector
- Set up a funding source to enhance EE and foster RE dedicated financing within the European Union, primarily through the provision of dedicated financing to:
 - municipal, local and regional authorities
 - public and private entities acting on behalf of those authorities such as utilities, public transportation providers, social housing associations, ESCOs etc.
- Focus areas: EE, RE and clean urban transport

Sponsors

European Commission
(Initiator)



European Investment Bank
(Founding investor)



Cassa Depositi e prestiti
(Founding investor)



Deutsche Bank
(Investor and investment manager)



Advantages of the European Energy Efficiency Fund (eeef)

TA facility

- eeef's Technical assistance (TA) facility of €20mn supports the development of projects by providing grants to cover up to 90% of initial project development costs
- Such projects need to be financed by eeef

Fast and flexible financing

- Professional investment manager, decision making process from initial screening until financial close no longer than 6 months
- One-stop shop from project development support via grants to tailor-made financing of projects

Various financing instruments

- The fund offers various financing instruments including senior debt, mezzanine, equity, leasing structures and forfeiting loans
- Fund can also operate as the sole investor in projects (single investor transactions) to simplify implementation and lower execution costs

Long maturities

- Flexible with respect to maturities
 - Debt can be provided for maturities up to 20 years
 - Equity or mezzanine capital can be provided to act as co-sponsor or long-term subordinated risk taker

Eligibility criteria of the European Energy Efficiency Fund (eeef)

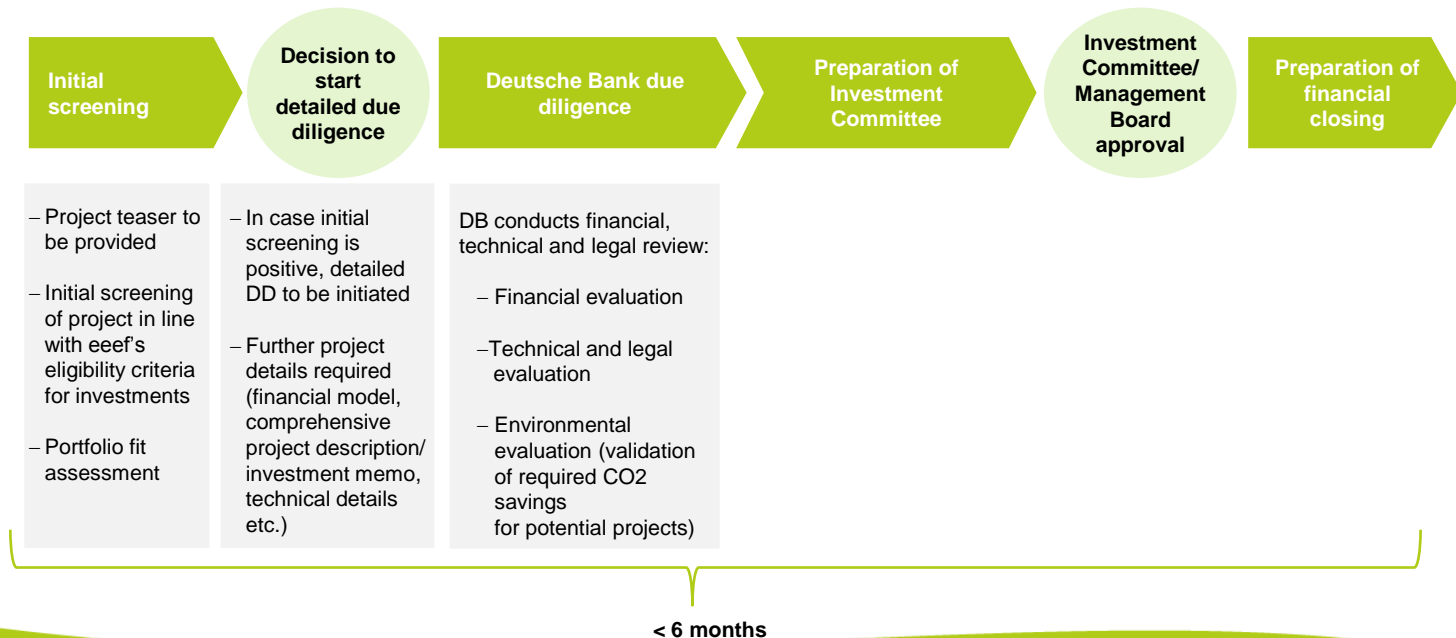
Project eligibility

According to EEEF's investment guidelines an investment has to meet several eligibility criteria:

- General eligibility criteria such as:
 - municipal link
 - commitment of municipality to mitigate climate change (e.g. Covenant of Mayors Initiative)
 - CO2 emission savings of at least 20%
 - use of proven technologies
- Furthermore, each technology may have its own specific eligibility criteria
- Projects shall be in the range of €5m to €25m – smaller project sizes will be reviewed on a case-by-case basis
- Alignment with relevant EU legislation

Role of DB in the European Energy Efficiency Fund (eeef)

- Deutsche Bank assumes the role of the investment manager being the first contact point and conducting the project due diligence (for contact details please refer to eeef's website www.eeef.eu)
- No formal application process, potential beneficiaries are asked to complete a checklist provided on eeef's website (shortly)
- Investment manager identifies whether the project meets eeef's investment criteria and initiates a due diligence process (for selection process please refer to chart below)



Contacts

Head of Environmental & Social Capital

Michael Schneider

michael-d.schneider@db.com

Deutsche Bank AG
Asset Management – Environmental & Social Capital
Taunusanlage 12
60325 Frankfurt, Germany

European Energy Efficiency Fund

Lada Strelnikova

lada.strelnikova@db.com

Zarpana Massud-Baqa

zarpana.massud-baqa@db.com

www.eeef.eu

Appendix – Technical Assistance (TA) Facility [*draft status*]



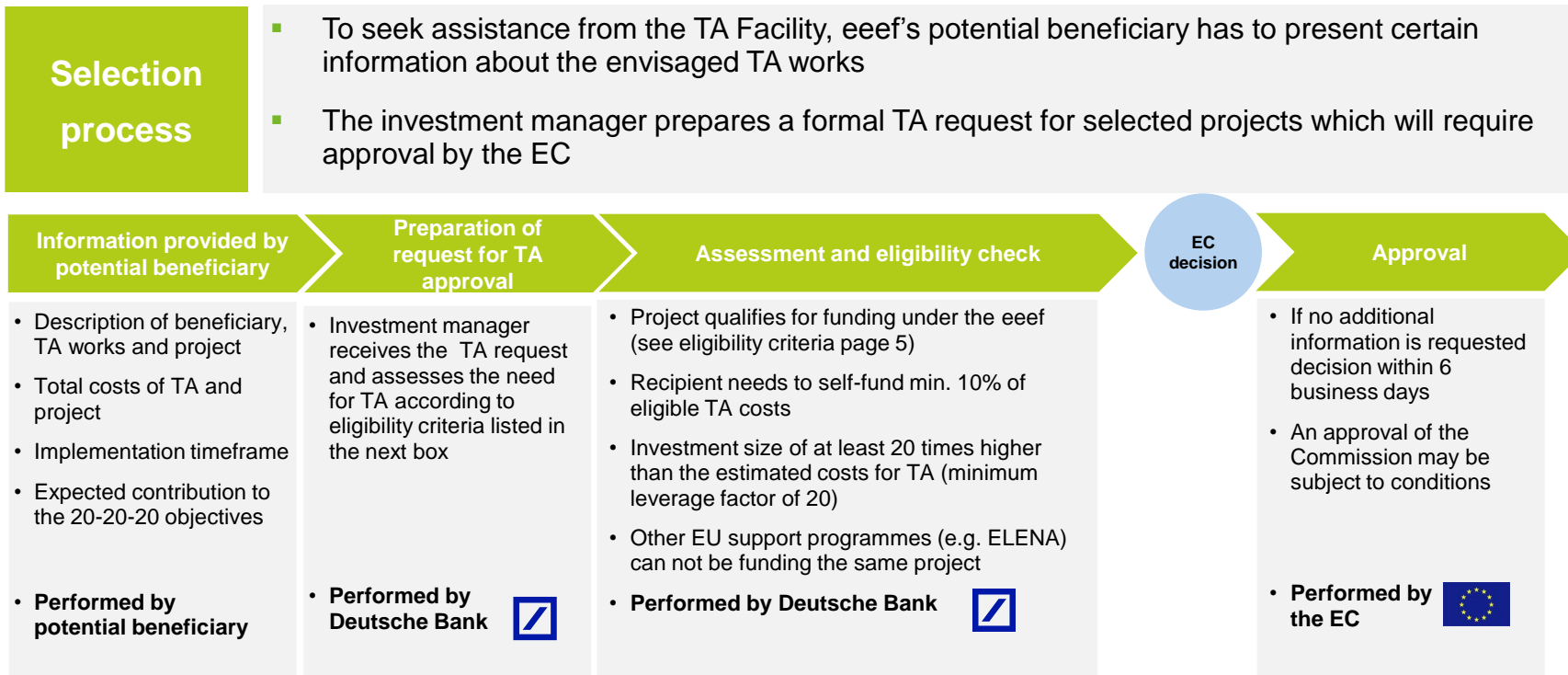
Technical Assistance (TA) Facility attached to the eeef

Background and objective	<ul style="list-style-type: none"> Many regions and cities, particularly medium to small ones, often do not have resources for technical capacity to develop projects on their own To overcome this barrier eeef's TA facility of €20mn supports its beneficiaries in developing their projects by providing European Commission grants for up to 90% of the total costs and subject to later financing by eeef
Advantages	<ul style="list-style-type: none"> Facilitating the implementation of quality projects by supporting the preparation process in particular covering the majority of costs of any technical support that is necessary to prepare, implement and finance a project <u>Example</u>: Help in complex tendering processes by covering costs of external consultants or further experts assigned to develop the tender of investment projects
Scope of TA	<ul style="list-style-type: none"> TA facility shall support project development with a view to accelerating the beneficiaries' investments within eeef's investment universe Project development services include all steps necessary to develop projects or projects to be submitted for financing under the fund (examples see tables below)

Technical advisory / project development	
Feasibility and market studies	Business plan
Energy audits	Project structuring

Legal / financial advisory	
Preparation of tendering procedures	Financial structuring
Preparation of contractual arrangements	Funding preparation and documentation

Technical Assistance (TA) Facility attached to the eeef (ctd.)



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