

“Leveraging Private Sector Climate Investment” Green Investment Schemes

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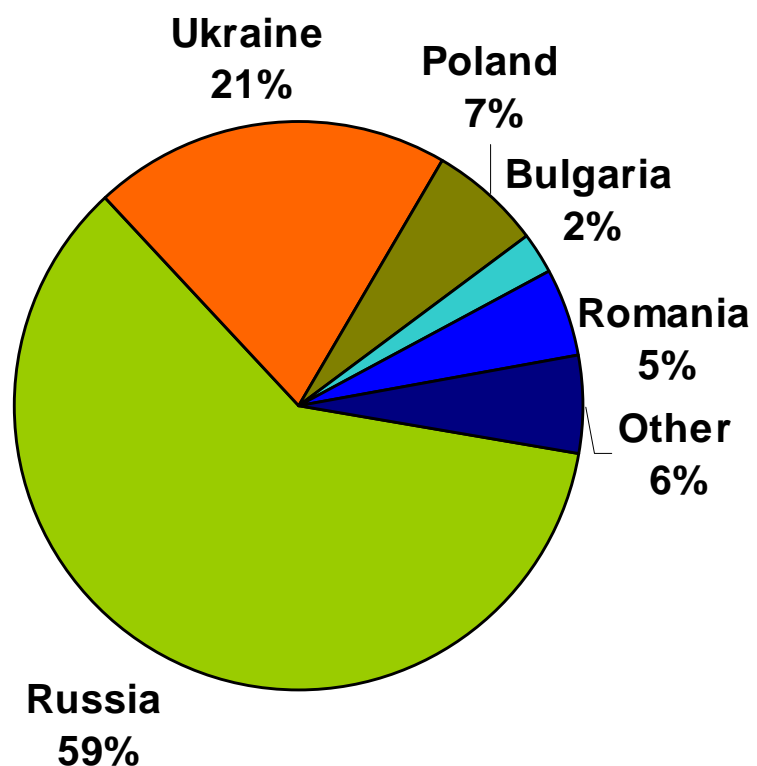


EBRD Countries of Operation

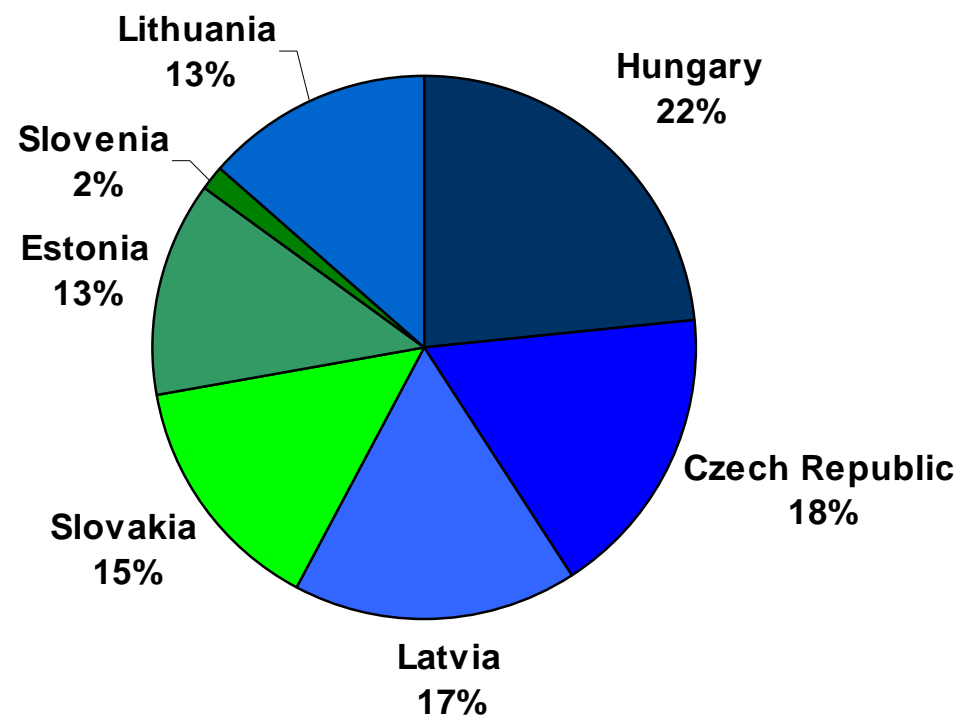


Green Investment Schemes: Potential

AAU surplus based on 2007 emissions data
11 billion



'Other'
0.74 billion



Demand for AAUs

- Sovereign demand before financial – economic crises was significant (e.g. 500 Mton by EU-15)
- Recent deals Ukraine, Czech Republic, Poland, Latvia and Hungary.
- Buyers market returned, **focus is on quality GIS transactions** and likely much smaller scale (than foreseen a year ago), due to smaller budgets, lower buying country emissions.
- Certain demand will remain remains as market imperfect, demand increase depends on:
 - **Will AAUs survive as unit of trade Post-2012?**
 - **Targets Post-2012?**
 - **Ability to use Kyoto AAUs in next commitment period (bankability)?**



Green Investment Schemes: Features

- Use of AAU sale proceeds to (co-)finance climate friendly projects
- Can reach where JI/EU ETS cannot (residential, SMEs, small municipal projects, small RES)
- Flexible approach, ultimately subject to agreement between buyer and seller
- Possibility to shape tailor-made programme, including technical assistance
- Leverage of private sector funding and thereby increasing the greening effect, incl. post-2012



Greening: Use of AAU Proceeds

- **Technical assistance** – free energy audits to **end-users** to identify and structure new energy efficiency project opportunities
- **Investment grants** for implementation of specific green projects improving project profitability
- **Rebates or interest rate subsidies** for **end-users** at project completion
- More advanced would be to use the GIS funds as a **(first) loss guarantee** for a portfolio of energy efficiency and renewable energy projects.
- **Market awareness and information campaign** targeting specific EE technologies or typical end-use EE projects
- Support to the establishment of **GIS infrastructure** – energy efficiency centre and implementation team, monitoring of project emissions and completion, etc.



Greening: Types of Projects

- Small climate-friendly projects in large numbers, such as energy efficiency measures in the industrial, residential and public sectors; Project eligibility can be based on minimal EE requirements or list of eligible technologies or equipment (such as variable speed drives, combined heat and power plants, etc)
- Public infrastructure projects aiming to reduce energy losses (electricity transmission and distribution and gas distribution network improvements, municipal district heating, sustainable modes of transport, waste and water projects), and;
- Small scale renewable energy projects, such as wind power, biomass and hydro projects.



EBRD and GIS

- Develop a greening project pipeline (Sustainable Energy Initiative) in co-operation with Host countries:
 - Leverage: AAU proceeds would be combined with EBRD and/or EIB financing
 - Technical assistance: to identify, develop and market projects
- MCCF Green Carbon Fund:
 - Facilitate purchase of AAUs for the account of Sovereign Participants, using the following tools:
 - AAU Purchase Agreement template
 - Co-operation Fund Agreement (if required)
 - Templates for Letter of Intent, Term Sheet
- Implementation, in co-operation with Host country's GIS Operators



MCCF facilitated GIS: Poland

- Green Investment Scheme signed between Poland and Spain for an amount of €25 million on 9 November 2009
- Supporting biogas, biomass and network upgrades for wind power projects, addressing existing barriers for connecting renewable energy generation projects to the electricity grid
- Co-financed by EBRD and EIB; leverage of over €100 million in total investments
- Designed to ensure effective and transparent management of revenues from the sale of AAUs and monitoring of the environmental impact
- Experienced GIS operator: National Fund for Environmental Protection and Water Management



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