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ELENA – European Local ENergy Assistance

The European Union (EU) has made the global fight against climate change a top priority and local actors will play a significant role in meeting this challenge. ELENA is a technical assistance facility providing grants to investment programmes in this area.



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Local actors are crucial for the achievement of EU energy policy objectives. Sustainable energy and, in particular, energy efficiency represent a significant investment potential to be realized mostly at local level, bringing benefits for local economies, improving quality of life of citizens and mitigating climate change. The EU Energy Efficiency Action Plan¹ included as a priority the creation of the Covenant of Mayors², the commitment of signatory cities to go beyond the EU 20% target through the implementation of Sustainable Energy Action Plans, drafted by them.

In order to facilitate the mobilization of funds for investments in sustainable energy at local level, the European Commission and the European Investment Bank have established the ELENA technical assistance facility, financed through the Intelligent Energy-Europe programme (IEE II)³. ELENA support covers up to 90% of the costs associated to technical assistance for preparing large sustainable energy investment programmes of cities and regions, which may also be eligible for EIB funding.

Investment programmes that can be supported by ELENA

Urban areas represent around 70% of the energy consumption of the EU. Several studies show that there is a large investment potential to improve energy efficiency and to develop renewable energy in cities and regions, notably in buildings and urban transport. Therefore, cities and regions will play an important role in attaining the EU energy and climate change objectives. The related large investments required to reach these goals are, however, largely untapped at present.

Many EU cities and regions have recently started to prepare or are initiating large energy efficiency and renewable energy proposals to tackle energy and climate change challenges. The Covenant of Mayors initiative, launched by the Commission in January 2008, has been one important driver of these initiatives. However, most of them are still at the conceptual stage and their implementation is proving difficult because many regions and cities, particularly medium to small ones, often do not have the technical capacity to develop large programmes in this area.

In addition, public resources are generally limited, and therefore the involvement of the private sector through, for instance, Energy Service Companies (ESCOs) is frequently considered. This usually leads to complex tendering processes exceeding the capacity of some public promoters.

ELENA aims at helping public entities to solve these problems by means of offering specific support, in order to facilitate the implementation of investment programmes.



¹ http://ec.europa.eu/energy/action_plan_energy_efficiency/doc/com_2006_0545_en.pdf

² *Covenant of the Mayors*: www.eumayors.eu

³ http://ec.europa.eu/energy/intelligent/index_en.html

Examples of investment programmes that can be supported by ELENA:

Energy efficiency in public buildings

A region aims at supporting small municipalities to develop their energy efficiency programmes. The investment potential and the approach to develop the investments have been identified, as well as the possible barriers to implement the investments. The region proposes to regroup individual projects and tender the packages to ESCOs.

The region requests assistance from ELENA to implement the investment programme. The assistance will be used to create a project implementation unit and seek assistance from external consultants, in order to review existing information, develop tender documentation and launch the tender process.

Development of solar energy in public buildings

To increase the share of renewable energy in a province in southern Europe, the province has identified an investment programme to install PV systems, on its public buildings, and possible ways to implement the investments. Taking into account that the municipalities of the provinces have a limited capacity to invest, it is proposed to develop such programmes through the involvement of the private sector by renting the roofs of the buildings to private investors. The province requests ELENA assistance to develop and implement the programme.

Clean and energy-efficient public transport in cities

A transport authority aims at improving its services, by renewing its fleet of public buses. The new fleet is to be characterised by a high environmental performance, superior not only to that of existing buses, but also to the current standards imposed by EU regulations.

Different technological options have been considered (hybrid engines, etc.), aiming at the best available solution. However, costs related to both acquisition and operation of the new fleet may be higher than conventional technologies and adapted financing is needed, including the potential participation of the private sector.

ELENA assistance is requested in order to build a business plan, including the preparation of the terms of references for the call for tender of the new buses.



The ELENA Technical Assistance Facility

The European Commission and the EIB have launched the ELENA Facility, with a EUR 15 million fund from 2009 budget managed by the EIB, to improve the preparation of quality projects in the fields of energy efficiency and renewable energy sources. This Facility aims to develop investment programmes in cities that can then be replicated in other cities or regions. This grant support is provided within the framework of the IEE II programme.

Technical assistance (TA), supported by the ELENA facility, can be provided to a local or regional authority or another public body⁴ or a grouping of such bodies coming from the IEE II participating countries⁵. The investment programmes supported should contribute to achieving the objectives of the “20-20-20” Initiative.

The Technical Assistance is intended to develop investment programmes and a minimum leverage factor of 25 must be achieved⁶ between the investment and the grant. In accepting the TA the beneficiary accepts that the amount received will have to be repaid in the event of the leverage factor not being achieved⁷.

What can be supported?

TA can be provided for the development of investment programmes which the EIB may co-finance within the following areas:

- 💡 Public and private buildings, including social housing and street and traffic lighting, to support increased energy efficiency (such as refurbishment of buildings aimed at significantly decreasing energy consumption (both heat and electricity) – e.g. thermal insulation, efficient air conditioning and ventilation or efficient lighting); Integration of renewable energy sources (RES) into the built environment – e.g. solar photovoltaic (PV), solar thermal collectors and biomass; Investments into renovating, extending or building new district heating/cooling networks, based on high efficient combined heat and power (CHP) or renewable energy sources, as well as decentralised CHP systems (building or neighbourhood level).
- 💡 Urban transport: to support increased energy efficiency and integration of renewable energy sources, e.g. high energy efficiency buses, including hybrid buses, electrical or low-carbon propulsion systems; investments to facilitate the introduction of electric cars, investments to introduce new more energy efficient solutions to improve freight logistics in urban areas.
- 💡 Local infrastructure including smart grids and information & communication technology infrastructure, for energy-efficiency, energy efficient urban equipment, inter-modal transport facilities and refuelling infrastructure for alternative fuel vehicles.



⁴ Public body means a body created by a public authority or a legal entity governed by private law with a public service mission, financed for more than 50% by public sources, whose internal procedures and accounts are subject to control by a public authority and for whose liabilities a public authority will accept responsibility in the event that the Public Body ceases its activities.

⁵ For the IEE 2009 Budget: EU Member States, Norway, Iceland, Liechtenstein and Croatia.

⁶ Leverage factor means the ratio between the total investment costs of the investment programme supported and the total amount of the Technical Assistance coming from this Facility.

⁷ Except in circumstances beyond the control of the local and regional authorities.



How to apply?

Public bodies preparing an investment programme in the aforementioned sectors can apply for assistance directly from the EIB. There will be no calls for proposals and assistance will be granted on a first-come first-served basis within the limits of the given budget.

Applicants should present their investment programme to the EIB and indicate the need for TA under the Facility.

To start the discussion to seek assistance from ELENA, the following minimum information should be presented to the EIB:

- 💡 brief description of the planned investment programme, including type of investments and approach for implementation of the programme;
- 💡 expected investment cost and schedule to develop the programme;
- 💡 amount, scope and main needs to be addressed by the requested TA.

Based on this information the EIB will assess whether the proposal meets the selection criteria and assess the need for TA of the specific investment programme. Following a positive outcome of this first assessment, a request for assistance can be prepared and the EIB will present the proposal to the European Commission for approval. The selection criteria and the eligible costs are described below.

Selection Criteria

The EIB will select the investment programmes to be supported under the Facility based on the following criteria:

- 💡 eligibility of an applicant;
- 💡 eligibility of the investment programme (type of programme, location in an eligible country);
- 💡 potential bankability of the investment programme;
- 💡 applicant's financial and technical capacity to implement and complete the investment programme;
- 💡 expected contribution to the objectives of the "20-20-20" Initiative in terms of reducing greenhouse gas emissions, increasing the share of renewables in energy consumption and improving energy efficiency;
- 💡 expected leverage factor (the investment cost must be at least 25 times the amount of the TA);
- 💡 EU added value, notably in terms of compliance with EU policies, including:
 - the EU sustainable energy policies and priorities, targets and legislation;
 - the state of the art of the sustainable energy technologies to be implemented in the investment programme;
 - the needs of local communities and possible impacts on the local/regional development, including a positive impact on SMEs;
- 💡 verification that financial assistance under this Facility shall not be used for investment programmes that can be better supported by other similar EU facilities, including JASPERS⁸, JESSICA⁹ and IPA¹⁰. If funding can be obtained from other facilities, the applicant must justify why the use of this Facility is more appropriate;
- 💡 absence of other EU support granted to the same applicant for the preparation of the same investment programme.

Eligible costs

- 💡 The technical assistance can be provided for development of feasibility and market studies, structuring of programmes, business plans, energy audits, preparation of tendering procedures and contractual arrangements, programme implementation units and include any other assistance necessary for the development of Investment Programmes. However hardware costs such as measurement equipment, computers or office space, are excluded.
- 💡 The TA required must be necessary for carrying out the investment programme and must comply with the principles of sound financial management, in particular value for money and cost effectiveness. The cost of additional staff assigned to the implementation of the TA is an eligible cost. The staff cost shall correspond to actual salaries plus social security charges and other remuneration related costs.
- 💡 The EU contribution can cover up to 90% of all eligible costs.
- 💡 Financial assistance for TA under this Facility shall not be awarded retrospectively. Financial assistance shall not have the purpose or the effect of producing a profit for the beneficiary.

⁸ JASPERS : www.jaspers-europa-info.org

⁹ JESSICA : www.jessica.europa.eu

¹⁰ IPA : Instrument for Pre-Accession Assistance; http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/planning-ipa_en.htm




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