

EUROPEAN FUNDS Section**EU Newsletter**

Date: 22.02.2012

Subject: **Energy Efficiency and Renewable Energy Credit Line (BEERECL)
with the European Bank for Reconstruction and Development
(EBRD)**

1. Subject – investment loan financing projects related to:

- ❶ energy efficiency in industry¹, or
- ❷ renewable energy sources (RES)², except for photovoltaic systems³

2. Credit facility amount: EUR 15,000,000, out of which 30% for energy efficiency and 70% for RES.

3. Loan amount under the credit facility: up to EUR 2,500,000 (two million and five hundred thousand).

4. Eligible candidates: private legal entities or sole proprietors operating in the Republic of Bulgaria⁴.

5. Requirements:

- ❶ investment projects have to meet certain criteria in compliance with the energy strategy of Bulgaria and to improve the rational usage of energy in the country and the electricity generated from RES;
- ❷ minimum internal rate of return of the investment project: 10%;
- ❸ investment project has to meet the rules of EBRD for environment protection;
- ❹ investment project is under compliance control with the programme conditions and is evaluated and assessed by independent consulting companies, contracted by the EBRD („DAI Europe” and „KEMA”);
- ❺ a project shall not benefit from another EU grant programme.

5.1. Requirements to the projects for industrial energy efficiency:

- ❶ projects shall invest in equipment, systems and processes that enable reduction **with minimum 20%** in primary energy consumption and/or final consumption of electricity and/or fuels (either fossil or renewable) and/or other forms of energy (which can be ultimately related to the use of electricity and/or fuels);
- ❷ eligible investments include restructuring, upgrading and modernization of energy consuming industrial enterprises (e.g. reconstruction, co-generation up to 20 MW thermal output, energy source substitution, industrial scale heat pumps and cooling installations, old gas boiler replacement, absorption chillers, etc.).

¹ "Energy efficiency" is the ratio between the output quantity of the goods/services/energy produced and the energy used;

² "Renewable energy sources" are non-fossil energy sources that contain solar wind hydro or geothermal energy incl. tidal energy, waste energy, biomass and energy from industrial and house hold waste;

³ **Photovoltaic systems:** installation of solar cells for direct conversion of the solar energy into electric energy;

⁴ **Limitations:** The loans cannot be provided to companies from the following sectors: gambling construction works aiming at subsequent sales or rental, production and marketing of tobacco products, strong drinks, alcohol, weapons, land purchase, refinancing of existing debts.

5.2. Requirements to the projects for RES energy production – eligible investments:

- ❑ **New Hydro-electric** or run-of-the-river hydro power stations with installed capacity of less than 10 MW;
- ❑ **New and second hand wind** turbines with installed capacity of less than 5 MW;
- ❑ **Biomass** investments with installed capacity of less than 5 MW (electric output)⁵;
- ❑ **Solar thermal** investments (for water heating);
- ❑ **Geothermal** investments;
- ❑ **Biogas**.

6. **Grant amount** for successful project implementation, paid by EBRD (percentage from the loan amount disbursed under this facility):

6.1. Industrial energy efficiency:

- ❑ **10%** - for projects with less than 25% energy savings;
- ❑ **12.5%** - for projects with 25-35% (incl.) energy savings;
- ❑ **15%** - for projects with more than 35% energy savings;
- ❑ **15%** - for co-generation.

6.2. Renewable energy sources (the lower amount of):

- ❑ the relevant level of incentive in EUR/MWh or EUR/GJ multiplied by the estimated annual production of energy from renewable sources; or
- ❑ **15%** of the loan amount disbursed.

Notes:

The calculation of the grant amount and of the internal rate of return is carried out by the consultant of the project within on the basis of the Rational Energy Usage Plan. The grant amount shall be not less than 5% of the loan amount.

For further information and applying:

European Funds Section

e-mail: ecc@unicreditgroup.bg

Daniel Enchev: (02) 923 2577

Kiril Stoychev: (02) 923 2380

Long-term Funding Department

e-mail: LongTermFundingandFTP@UniCreditGroup.Bg

⁵ EBRD approval after an evaluation by the consultant is required for biomass boilers with input capacity of more than 10 MW.