JASPERS Networking Platform
Supporting investments in Smart Grids in 2014-2020

EIB’s Financing for Smart Meters

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EIB’s Financing for Smart Meters

- Background information on the EIB and eligibility
- Methodology used for EIB appraisals
  - Main costs and benefits to identify
  - Examples of projects
There are a number of key EU legislative instruments promoting smart metering

- The Directive on the internal markets, 2009/72/EC
  Where roll-out of smart meters is assessed positively, at least 80% of consumers shall be equipped with intelligent metering systems by 2020;
  Requires Member States to prepare a timetable for the roll-out of smart meters;

Smart meters are eligible for EIB’s financing, i.e. via corporate loans or project finance. The Bank’s energy lending criteria (July 2013) clearly states that distribution investment programmes, including roll-outs of smart meters and, more comprehensively, smart grid demonstration projects, is one of the priorities.
- EIB’s lending to the energy sector

![EIB lending to Energy (€ bn)](chart)

- Inside EU
- Outside EU
For the past 5 years, 45% of all signatures in Energy were in energy networks.

2014 EIB lending to Energy = 13,5 € bn -> 50% for networks.
Smart meters ≠ smart grids

Less potential projects for smart meters in gas, in comparison with electricity, explained by the difference in results of national CBAs
Evaluating smart meter projects – Just as any other project for the EIB, i.e. economic interest evaluated through a **Cost Benefit Analysis**

- Specific conditions applied to the project
  - Economic life, regulation (incentivizing or not; level of cost control, …), technology applied (relevant for the list of benefits to expect), etc.
- Relevant costs and benefits that are expected by the Promoter – some only qualitative, but goal is to quantify as many as possible
- … Standardization allows for **comparison** of projects
First things to know about the project:

- CBA results in the country and Regulator’s view on the project (regulated return rate envisaged; time-of-day tariffs envisaged?)

- Main objectives of the roll-out (demand management; peak shaving; cutting commercial losses; regulatory obligation;…)

- Unit cost expected for the meters
Cost Benefit Analysis – detailed information to collect

- Relevant costs
  - Capex (meters, installation, IT, communications, etc.)
  - Opex (incremental)

- Relevant benefits
  - Avoided costs
    - Conventional Meter Replacement Savings (avoided capex)
    - Reduced Maintenance and Meter Reading Cost Savings (avoided opex)
  - Reduction in commercial losses (fraud/theft), if applicable
  - Savings from induced reduction in demand (avoided generation)
  - Savings from peak shaving, if applicable
  - Reduced CO2 emissions from the above
  - Customer time savings (from avoided meter reading visits)
EIB’s Financing for Smart Meters – Examples (I)

- First application at EIB
- GrDF project with 2.8 million gas meters
- France
- Q2/2013
- Followed by...
Followed by:

- **Gas**
  - Italy (1.2M)
  - UK (5M+)

- **Electricity**
  - Spain (6.9M)
  - Slovenia (0.2M)
  - Poland (0.3M)
  - UK (5M+)
  - Austria (smart grids)

- Prices are quite diverse
- Different technologies, regulatory setups, …
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