

## Conclusions

### **TITAN SOLAR PV GREEN FRAMEWORK LOAN**

#### **INVEU-ICR-0012-2022 – Sustainable Infrastructure window**

#### **Short description of the financing or investment operation and its objectives:**

Name of the promoter or financial intermediary: GALP ENERGIA SGPS SA

Country(-ies) of implementation: Spain

Implementing Partner: EIB

This operation supports the investment plan of the Promoter in renewable energy (RE) projects in Spain (utility scale ground-mounted solar PV plants) over the next 3 years. The operation is expected to support ca. 2 GWp of new RE capacity for a total investment of ca. EUR 1.3bn, including the ancillary infrastructure for the interconnections to the grid. The current pipeline of schemes to be financed under this operation belongs to a Joint Venture (JV) between the promoter, Galp (75% ownership), and the original developer, ACS Group (25% ownership). It includes 20 utility scale solar PV plants, with sizes ranging from 15 MWp to 450 MWp. However, this operation is not limited to schemes belonging to such JV, and other solar PV plants owned by the Promoter could also be financed if the eligibility criteria are met.

#### **Global Assessment and rationale for approval**

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 1 April 2022 for the above-mentioned operation.

The project increases renewable energy generation capacity in Spain and contributes to national and EU 2030 climate objectives. The financing of this project also supports the Bank's lending priority objectives in energy (renewable energy), climate action, and economic and social cohesion. Electricity is produced from low carbon sources (solar PV), addressing the market failure of negative climate and environmental externalities, through the reduction of carbon emissions and air pollution (compared to fossil-fuel generation). As the schemes are expected to rely (at least partially) on revenues from the market (the wholesale market and unsubsidized commercial Power Purchase Agreements), in a sector characterized by incomplete markets, the project improves market efficiency and competition (limited forward/hedging possibility, lack of scarcity pricing and lack of locational pricing). The Project is expected to yield very good quality and results due to excellent social benefits, fair employment creation and adequate governance system. With the appropriate conditions in place, the project is acceptable for financing in environmental and social terms. All the schemes are expected to be located in cohesion regions.

Supporting this solar PV portfolio at an early stage and with a meaningful amount of financing will be instrumental in accelerating the implementation of the Project and in attracting commercial lenders to complement the participation of the EIB in the non-recourse financing tranche. The



**Investment Committee of the InvestEU Fund**  
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13/03 – 01/04/2022

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combination within a Framework Loan of a Corporate Loan and Project Finance Loan is innovative and provides the Promoter with flexibility and financial value added. The EIB, as a reference financier with the strictest standards in terms of sustainability and environmental protection, is expected to provide also an important signaling effect. Accordingly, EIB financing with a "Green Loan" label is expected to contribute to attract investors and co-financiers. This also helps Galp in the achievement of its emerging de-carbonization strategy and clearly emphasizes the role of EIB as the EU Climate Bank.

The Investment Committee acknowledged that the sizeable project is in line with the InvestEU mandate for green investments, meeting additionality and market failure aspects as well as activity in the cohesion areas. The Investment Committee welcomes, that the EIB acts as a reference financier with the strictest standards in terms of sustainability and environmental protection, which contributes to attracting investors and co-financiers.