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DG Clima | 26 March 2013

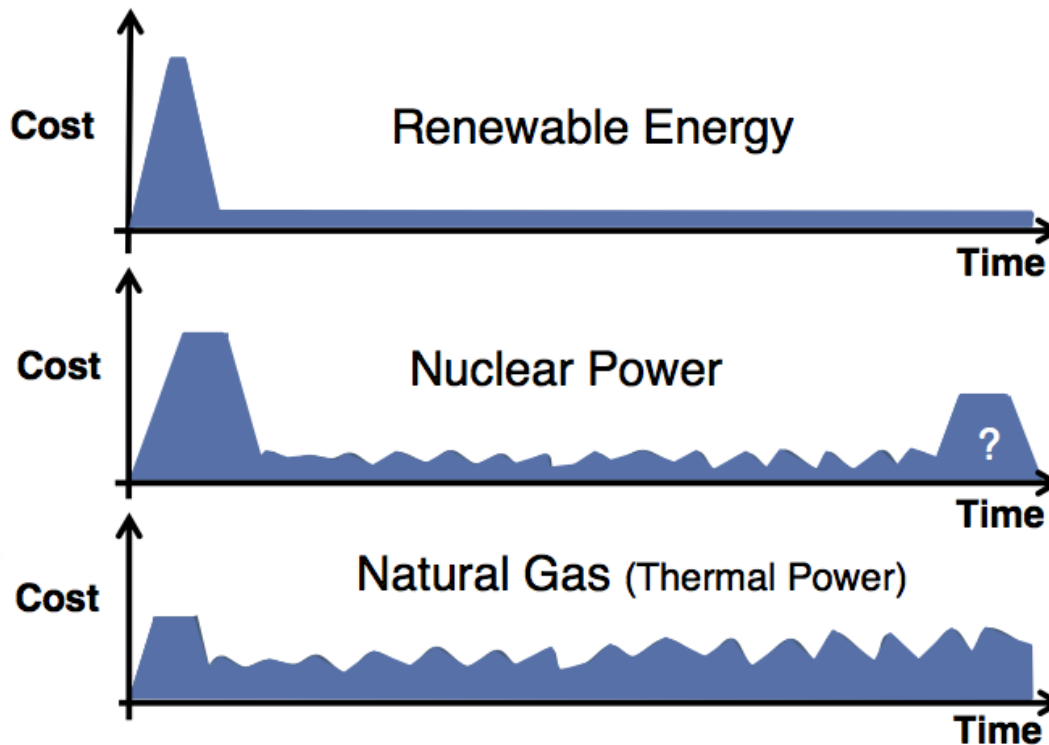
# Pooling EE/RE projects: securitisation and climate bonds

Investor-focused NGO  
Mobilizing debt capital markets  
50 member international Advisory Panel



**Climate Bonds** INITIATIVE

# Bonds are ideal for renewables



High capital cost,  
stable returns,  
minimal running  
cost over 20-30  
years

Scary end-of-life  
exposure

Running cost risks



Illustration courtesy Jason Langley AXA IM

# Investors need Scale

Bond structures

Project  
bonds

Financing  
construction and  
operation of  
wind farms, rail  
transport,  
building retrofits

Bank / corporate

Bank bond linked to a pool of loans  
to qualifying projects  
Utility/ Manufacturer Bonds linked  
to factory or solar farm

Aggregation

\$500m-\$1bn

Wind and solar farms

Re-financing by banks and utilities of a  
pool of wind farms or wind loans

First 2-5 years

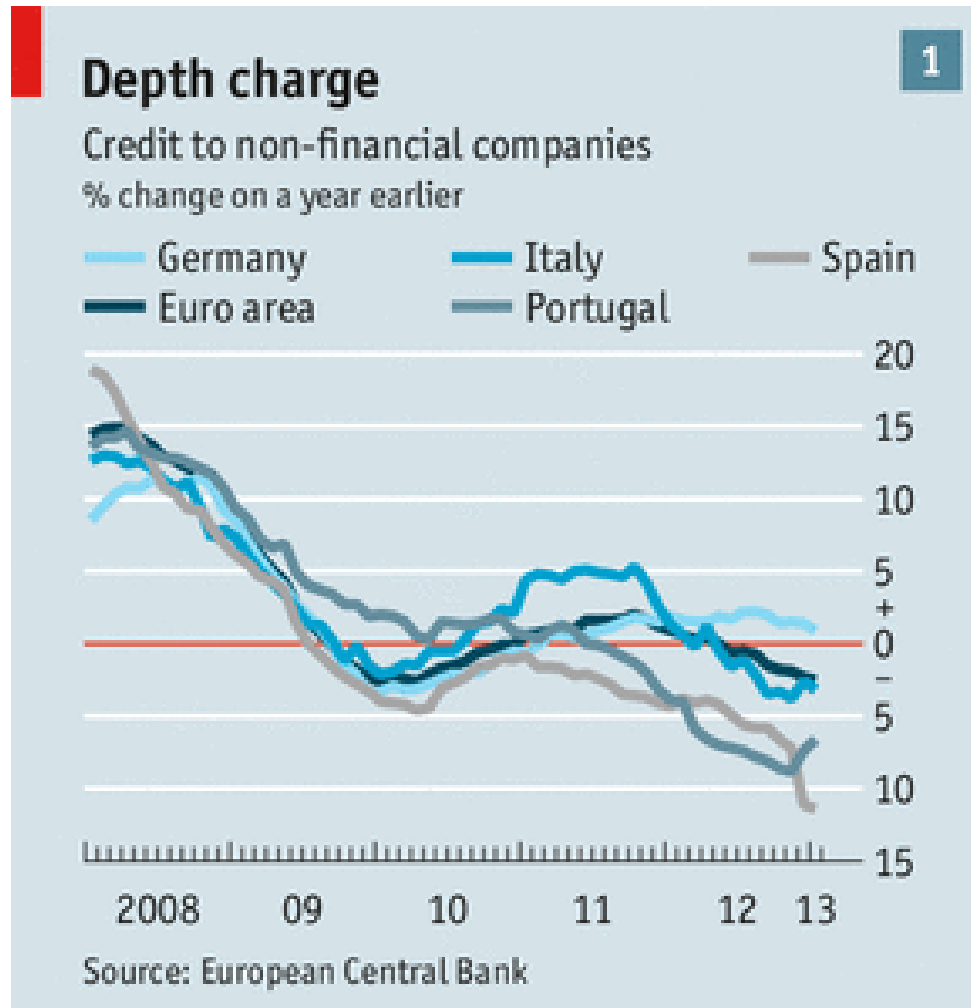
Equity

Bank  
loans

15-25 years

Bond re-financing  
by banks & utilities

# Bank lending has stalled



# Green Securitization

## Financial regulations

- Green Paper: Long-term financing of the European economy

- Covered Bonds legislation: RE & green mortgages

## Supporting the market

- Project Bonds Initiative style facilities

- Risk mitigation

## Conduit entities

- Cooperative aggregation platforms

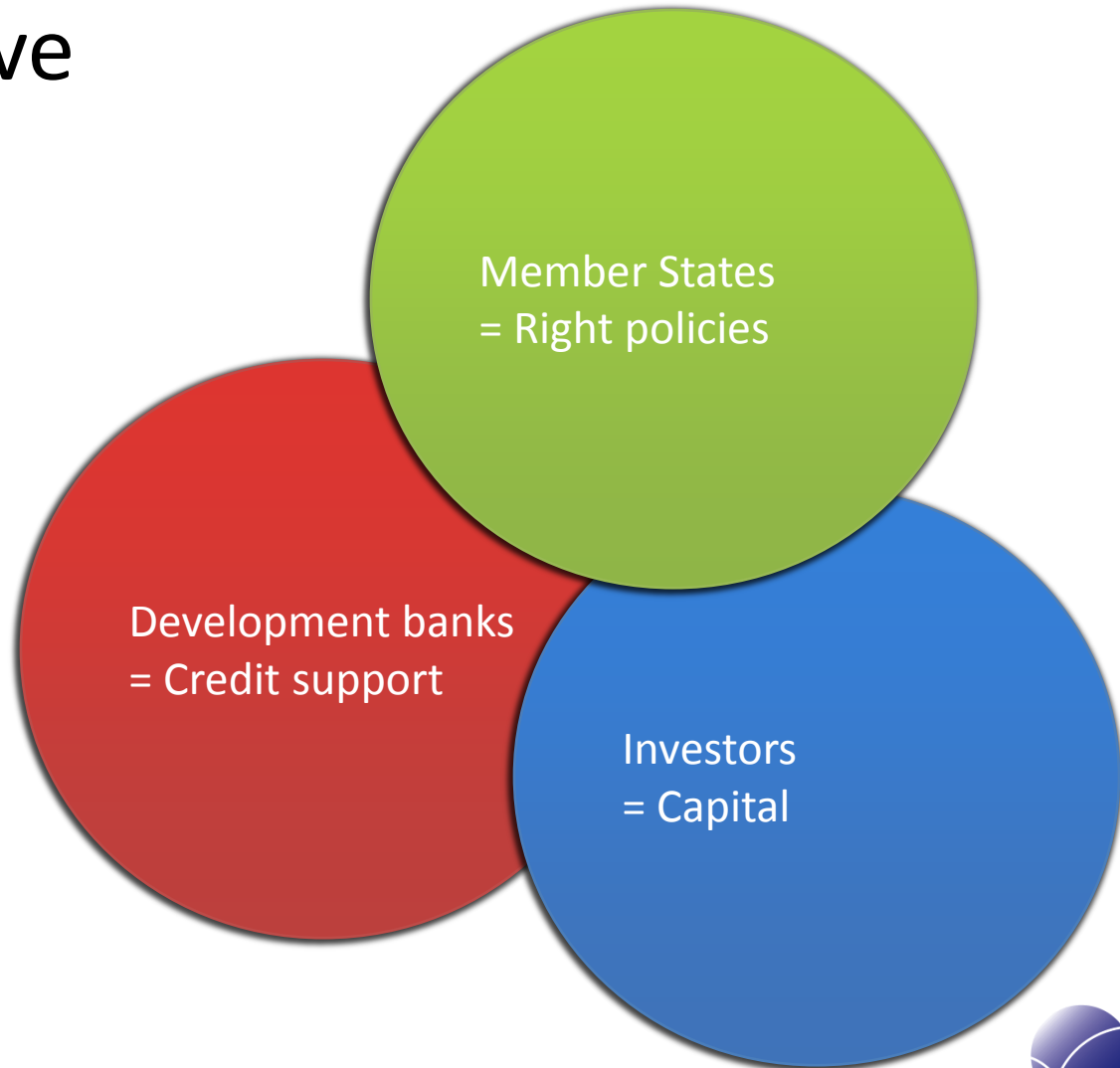
- Re-financing pipeline

- Lower cost of capital



# A co-operative platform

Buys green loans from smaller banks, packages them as bonds.  
Uses credit enhancement as necessary



# Reducing re-fi costs with bundling

CREDIT UNIONS

BANKS

LOCAL ENERGY  
DEVELOPERS

SOLAR  
COMPANIES



PENSION  
FUNDS

INSURERS



# Commoditization = speed, scale

A sausage factory for bonds

Relevant regulation & policy

+ Partial guarantees

= Lower cost finance





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<http://www.climatebonds.net>



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