



Investment Committee of the InvestEU Fund

Meeting IC 43 of 10-11 July 2025

Day 1 on 10 July Foyer Européen, Room Schuman - 10 rue Heinrich Heine,
Luxembourg (Gare)

Day 2 on 11 July Mercier-Post building, Room Arena - 20 rue de Reims,
Luxembourg (Gare)

Conclusions

WEMAG STROMNETZ MECKLENBURG VORPOMMERN (DE)

INVEU-ICR-0057-2025 - Sustainable Infrastructure Policy Window (SIW)

Short description of the financing or investment operation and its objectives

Name of financial recipient	Westmecklenburgische Energieversorgung AG ("WEMAG")
Type of the final recipients	Large Corporate
Countries of Implementation	Germany
Implementing Partner	European Investment Bank (EIB)

The Operation proposed under InvestEU is a EUR 220m senior unsecured investment loan to WEMAG, at a tenor of 20 years. The Operation will finance the Promoter's multi-year investment programme (over the period 2025 to 2029) for the renovation, reinforcement and modernisation of the electricity distribution networks in the State of Mecklenburg-Vorpommern. The implementation will focus on refurbishing and building new medium and low voltage overhead lines (OHL), underground cables, transformers and substations (of up to 110 kV), as well as other components for network automation and digitalization.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 10 July 2025 for the above-mentioned operation.

Additionality

The additionality element of the EIB financing under InvestEU would be a significantly larger loan facility to the public utility WEMAG than what the EIB could provide under own risk. In addition, the facility will have a 20-year tenor, which is longer than the average life of loans available to WEMAG on the market, resulting in a good alignment of the repayment profile with the economic life of the Project. Finally, the EIB loan facility will be given to the parent company of the WEMAG Group and will hence be structurally subordinated compared to other loans given to the operational companies of the WEMAG Group (i.e. active in the expansion of the broadband network or in the construction of renewable energy plants). Moreover, the EIB support to WEMAG is expected to mobilise additional financing, which will further underpin the efforts of the utility to fund its significant capex plan with a strong signal to other lenders and the market regarding the solidity and viability of the business model of WEMAG. The financing would not have been carried out (to the same extent) by the EIB without the InvestEU support.

Conclusions

Market gap

The State of Mecklenburg-Vorpommern is a cohesion area and has an average income level below the average level in Germany. The Project will invest in the electricity distribution networks mainly in rural areas in the west of Mecklenburg-Vorpommern, in which investments have been insufficient in recent years. The Project addresses a number of market failures in the area, including the integration of low-carbon renewable energy generation plants, which reduce carbon emissions and air pollution, with positive climate and health externalities, also increasing security of energy supply. The lack of sufficient financing available for the energy transition in Germany is a market failure, as the financial rate of return does not value the public goods (security of supply, the mitigation of climate change) and externalities (the reduction of greenhouse gases and air pollution). This lack of financing is aggravated by the fact that the public utilities operating in this sector have a relatively low level of own funds, which limits their ability to invest, raise debt and the amount of EIB direct financing without the InvestEU guarantee.

The Project must be implemented to achieve the energy and decarbonisation targets as set by EU and German law. The foreseen investments will enable the State of Mecklenburg-Vorpommern and Germany to progress on its climate and energy objectives, in particular by supporting the rapid expansion of renewable electricity generation capacity in the north, which would also to a large extent be used to supply the south of Germany. The Project is hence expected to deliver excellent economic benefits and excellent social benefits. The public Promoter is experienced in works of this nature and has a sound project management system in place, thereby ensuring a Project of good quality. The financial support of InvestEU will allow to increase the financing available for investments that have positive externalities.