InvestEU Scoreboard (1)

Presentation of the financing or investment operation

Implementing Partner: EIB

Name of the Operation: WEMAG STROMNETZ MECKLENBURG-VORPOMMERN

Type of approval: Individual financing or investment operation

Name of the final recipient: WEMAG AG

Country(-ies) of implementation: Germany

Short description of the financing or investment operation:
Investments into the electricity distribution network in the Land Mecklenburg-Vorpommern from 2025 to 2029

The EIB Project supports an important public player in the implementation of an ambitious investment plan, which will contribute to the sustainable development of the energy network in Germany and in turn support the further decarbonization of the German economy in line with the 2030 national carbon-neutrality objectives.

Public Statement

The Project falls within the InvestEU Regulation's Eligible Areas, namely under the development of the energy sector, and in particular for the development, smartening and modernization of sustainable energy infrastructure, in particular storage technologies, electricity interconnections and smart grids at the distribution level.

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 decarbonization 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 rated economic benefits as well as excellent broader 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.

The additionality element of the EIB financing under InvestEU would be a significantly larger loan facility (i.e. double the amount) 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 mobilize 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.

(1) This Scoreboard of indicators reflects the information presented to the InvestEU Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Pillar 3 - Market failure or sub-optimal investment situation addressed by the financing or investment operation **(Excellent)**

Pillar 4 - Financial and technical contribution by the implementing partner **(Good)**

Pillar 5 - Impact of the financing or investment operation **(Very Good)**

Pillar 7 - Complementary indicators [2]

Key project indicators	Expected at PCR
Start of works	01.01.2025
End of works	31.12.2029
Project investment cost	472.20 MEUR
Mandate eligible investment mobilized	464.60 MEUR
Mandate multiplier effect	555.74
Mandate leverage effect	263.16
Amount of private financing	152.20 MEUR
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	0.41% Contribution to climate change adaptation (transversal) / 99.59% Mitigation - Other (transversal)
Transition regions	100.00 %
Employment during construction - temporary jobs	1,690 person years
Employment during operation - new permanent jobs	0 FTE
Gender Tag	No Significant contribution to Gender Equality
Employment during project operation - women	0 FTE

Outputs	Expected at PCR
Electricity sub-stations (new or upgraded)	364.00 Units
Power lines/cables constructed or upgraded for transmission and distribution of electricity	924.80 km
Capacity of sub-stations constructed or upgraded	1,314.70 MVA
Repower EU - share of project investment cost	100.00 %

Outcomes	Expected at PCR
Incremental demand supplied	0.00 GWh/yr
Service reliability - power outages linked to malfunctions in the system	13.16 h/yr
Electric charging points	38,782 Units
Energy access	115,777 Beneficiaries

(2) The abbreviation PCR stands for Project Completion Report. EIB internal methodologies are used in order to calculate the figures presented in this document. The Promoter's estimates might differ.