



## Investment Committee of the InvestEU Fund

Meeting no 30 of 11-12 July 2024  
Mercier-Post building (Publications Office)  
20, rue de Reims, L-2417 Luxembourg  
Meeting room **ARENA**

### **PAN BALTIC RENEWABLES PORTFOLIO (LV-LT-EE)**

**INVEU-ICR-0048-2024 – Sustainable Infrastructure Window (SIW)**

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

Type of the final recipients	Special Purpose Vehicle/Project Company
Name of the final recipients	Special Purpose Entities ("SPV"; "Borrowers"), held indirectly by the Sponsor, Sunly AS (100%)
Countries of implementation	Estonia, Latvia, Lithuania
Implementing partner	European Investment Bank

The project is in line with the InvestEU objective of the development of the energy sector in accordance with the Energy Union priorities. It concerns the development and operation of solar PV plants, onshore wind farms and, to a lesser extent, Battery Energy Storage Systems in Latvia, Lithuania and Estonia. It will support the 2030 targets set out in the National Energy and Climate Plan of the three Member States.

The financing of this project also contributes to Bank's lending priority objectives on Energy (Renewable Energy), Climate Action (transversal) as well as Economic and Social Cohesion (transversal).

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

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 11 July 2024 for the above-mentioned operation.

The project is expected to rely on revenues from the wholesale market (through unsubsidised commercial power purchase agreements or day ahead market), thereby the project improves market efficiency and competition.

In terms of project results, the project is expected to have a positive economic rate of return, considering the economic value of the electricity generated. Therefore, the project is expected to deliver a positive broader social benefit by generating clean and renewable electricity at a cost reasonably below the alternatives in Lithuania. On project quality, the level of promoter's governance and risk management capability after mitigation measures is deemed to be acceptable.

The Bank's contribution will be most visible on the financial contribution side by accelerating the fundraising process and crowding in other financiers. The Bank will provide a meaningful part of the overall financing needs for this important project through a senior debt facility of up to 9 years aimed at getting the assets built and in operation. This type of loan with a balloon payment at the end of the tenor, with full merchant risk has been implemented on a Project

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Finance basis only in very limited number of transactions, in other markets than Baltics and with a shorter legal maturity to the one presented for this transaction. Currently, most commercial banks are still reluctant to offer such type of financing. The Bank provides expertise in structuring and lending to renewable energy projects, applying standard and well tested project finance principles. This will improve the structuring of the operation through close co-operation with the promoter and the commercial lenders. The project would not have been carried out (to the same extent) by the EIB without the InvestEU support.

As the project will produce electricity from low carbon sources, it will address the market failure of negative climate and environmental externalities, through the reduction of carbon emissions and air pollution (compared to fossil-fuel generation).