

Conclusions

Kelme Onshore Wind Green Energy Loan (LT)

INVEU-ICR-0039-2024 – Sustainable Infrastructure Window (SIW)

Short description of the financing or investment operation and its objectives

Name of the final recipients	Windlit UAB and UAB Vejas LT
Type of the final recipients	Special Purpose Vehicle/Project Company
Countries of implementation	Lithuania
Implementing partner	European Investment Bank (EIB)

The project consists of the design, construction and operation of an onshore wind farm in the west of Lithuania (Kelme county) with a nominal installed capacity of ca. 300 MW. The wind farm will be constructed in two phases. Phase 1 will comprise of an installed capacity of ca. 105 MW and Phase 2 will comprise of an additional capacity of ca. 195 MW. The two phases are located adjacent to each other. The scope will include the ancillary infrastructure, such as the grid connection.

The project is one of the largest onshore wind farms under construction in the Baltic states.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 13 June 2024 for the above-mentioned operation.

The project is in line with the InvestEU objective of the development of the energy sector in accordance with the Energy Union priorities. It will support the 2030 targets set out in the National Energy and Climate Plan of Lithuania

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).

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).

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.

Investment Committee of the InvestEU Fund

Meeting no 29 of 13-14 June 2024

Rue Guillaume Kroll, 12

Centre Drosbach - DBR

Meeting room ECFIN ROOM DRB B3/001

Conclusions

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 good.

The Bank's contribution will be most visible on the financial contribution side by accelerating the fund raising process and crowding in other financiers. In addition, the Bank's long-term funding will enable the promoter to enhance their financial structure in line with the long economic lifetime of the assets to be financed. 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.