

Conclusions

Solaria Trillo Toro PV Green Loan

INVEU-ICR-0016-2022 – Sustainable Infrastructure

Short description of the financing or investment operation and its objectives

Name of the promoter or financial intermediary	Adhara Solar, S.L.U.
Countr(ies) of implementation	Spain
Implementing partner	EIB

The project comprises the construction and operation of fifteen solar PV plants and their grid connection facilities with a total capacity of c. 736 MWp. The plants are located in the Spanish regions of Castilla y León and Castilla-La Mancha. Out of the fifteen plants, seven are organized in a cluster of 338 MWp, three are organized in a cluster of 150 MWp, one plant of 50 MWp is part of a larger cluster of 138 MWp, and the four remaining plants are not part of any cluster. Once in operation, the project is expected to generate around 1.3 TWh per year.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 11 May 2022 for the operation.

The project increases renewable energy generation capacity in Spain and contributes to national and EU 2030 climate objectives. The financing of this project is in line with the Bank's lending priority objectives on Renewable Energy as well as on Climate Action, Environmental Sustainability and Social and Economic Cohesion. The project produces electricity from low carbon sources (solar PV plants), addressing the market failure of negative climate and environmental externalities, through the reduction of carbon emissions and other air pollution (compared to fossil-fuel generation). As the project is expected to rely on revenues from the market (the wholesale market and unsubsidized commercial Power Purchase Agreements), in a sector characterised by incomplete markets (limited forward/hedging, lack of scarcity pricing and lack of locational pricing), the project improves market efficiency and competition. The project components are located in EIB Cohesion Priority regions.

The Bank will provide a meaningful part of the total financing needs for this Project (58.33% of the debt, a percentage higher than the standard 50% in Project Finance transactions), enhancing the overall financial viability through improved economic conditions compared to commercial lenders.

The partial exposures of Project revenues to merchant risk implies the structuring of an innovative and riskier financing, which deters many potential co-financiers from participating. As a result, the EIB will be acting as cornerstone lender and thus crowding-in other lender(s) into the financing structure, which, alongside the structuring advice provided, is expected to improve the probability of a timely financial close.

The project developed on merchant risk basis is in line with the InvestEU mandate for green investments, meeting additionality and market failure aspects as well as supporting activity in the cohesion areas.