

Conclusions

Eavor Loop (IEU GT) (DE)

INVEU-ICR-0078-2023 – Sustainable Infrastructure Window (SIW)

Short description of the financing or investment operation and its objectives

Final recipient/promoter	Eavor Erdwaerme Gerestried GmbH
Type of final recipient	Special purpose vehicle
Countries of implementation	Germany
Implementing partner	European Investment Bank (EIB)

The project consists of the design, construction and operation of the first phase of a combined geothermal heat and power system in Gerestried (Bavaria, Germany), with a target thermal output of 60 MWth, including ca. 8 MWe for gross electricity capacity, on average over the Project's lifetime. The Project is expected to supply ca. 30,000 households with heat transferred to a newly built district heating network at completion, representing 80% of the system net energy output, while the remaining will consist of electricity to be injected to the grid. Furthermore, once the technology deliverability at commercial scale is demonstrated, it can be replicated on other sites in Germany and other European countries.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 9 November 2023 for the above-mentioned operation.

The project is line with the InvestEU objective of the development of innovative zero- and low emission heat supply systems and combined production of electricity and heat.

In particular it generates positive externalities in the form of reduced greenhouse gases and other hazardous emissions through the switching to a baseload source of sustainable energy. The Project also contributes at increasing learning-by-doing through the first commercialisation stage of an innovative sustainable technology, which should support costs reductions over time. The Project contributes to the 2030 national RE penetration targets of Germany, i.e., 80% RE in the power sector and 65% RE in the heating sector. The Project also contributes to maintaining or increasing safe delivery of energy.

The project therefore addresses the following market failures: reducing carbon and air pollution externalities, security of supply and costs reduction of innovative low-carbon technologies.

As a first-of-a kind commercial demonstration operation, the Project entails a number of risks (credit, technology, construction, offtake) which cannot be fully mitigated due to its early-stage nature. This is combined with the limited experience of the Promoter as a start-up company.

Conclusions

EIB with the support of the InvestEU guarantee will be a key lender that will provide adequate terms and capacity to attract other specialized institutions to complete the funding plan of this project. The EIB financing with the support of the InvestEU guarantee further complements the EU Innovation Fund grant to provide a financial package which covers the distinctive risks of the Project. The Project would therefore not have been carried out (to the same extent) by the EIB without the InvestEU support.