

Conclusions

Red Electrica Green Finance Framework

INVEU-ICR-0060-2022 – Sustainable Infrastructure window

Short description of the financing or investment operation and its objectives

Name of the promoter or financial intermediary	Red Electrica Corporación SA
Countr(ies) of implementation	Spain
Implementing partner	EIB

The project relates to the EIB participation in a public green hybrid bond inaugural issuance of up to EUR 1bn in total, made by Red Electrica Corporacion SA ("REC"), the parent company of Red Electrica de Espana SAU ("REE"), which is Spain's transmission system operator.

The specific type of financing structure will support (i) the longer term funding required by REC's investment plan and (ii) its long-term credit profile, allowing it to raise financing at adequate conditions to support its investments. The operation will support REE's investments in the context of Spain's "Electricity Transmission Network Development Plan 2021-2026" (the "Plan") and will be in particular important to ensure security of energy supply in the country.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 20 October 2022 for the above-mentioned operation.

The set of investments to be supported by the issuance of the green bonds is integral part of Spain's 2021-2026 network development plan. This identifies the investments required to enable Spain to progress on its national climate and energy objectives, in particular by supporting the rapid expansion of renewable electricity generation capacity and by enhancing the still limited interconnection with neighbouring countries or with insular areas of the country. The investments also ensure that quality and security of supply is maintained while transitioning towards a carbon-free power sector. The investments are fully in line with national and EU climate and energy objectives and are expected to take part in Cohesion regions for the majority of it .

The Implementing Partner's intervention will help the Borrower to diversify its funding sources and have access to long-term financing through the capital markets. Furthermore, the EIB will improve the borrower's capital base through the hybrid bonds structure (as it is partially considered as equity by rating agencies) and will give a strong signal to the other financiers on the soundness of the Borrower's investment plans. The EIB will participate also in the public Senior Green Bond issuance(s) on its own risk for up to EUR 250 million.

The Investment Committee welcomed the subordinated instrument and its contribution to climate and energy objectives.