De-risking clean energy procurement: enhancing the EIB's cPPA counter-guarantee programme

Eurelectric position paper

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Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:
- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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1. De-risking cPPAs through counter-guarantees

Eurelectric welcomes the European Investment Bank's €500 million pilot programme to provide counter-guarantees for corporate power purchase agreements (cPPAs), as this will strengthen the possibility for more stable energy prices for industry without distorting the market. Launched in February 2025 alongside the Clean Industrial Deal, this initiative addresses a key bottleneck for cPPAs: the long-term creditworthiness of cPPA off-takers (see Annex for a more detailed description of the programme). By providing a counter-guarantee to a cPPA's financial intermediary, the pilot programme has the potential to simplify, accelerate and scale up cPPA uptake.

In its current iteration, **the counter-guarantee is only available for cPPAs covering solar, wind and battery energy storage systems (BESS)**, with the possibility for other clean technologies to be included on a case-by-case basis. Moreover, the programme **only covers greenfield developments**: new generation and/or storage capacities that have entered into operation no longer than three years before the signing of the cPPA. While the pilot is a good starting point, **Eurelectric recommends four key enhancements** to maximise its immediate impact, as well as four recommendations for an eventual 'full' version.

2. Four changes for maximum impact

i. Ensure technology neutrality

As stated in the Clean Industrial Deal communication, **technology neutrality** should be a key tenet of the cPPA programme, in line with the approach in the Electricity Market Design. Accordingly, **both the pilot and eventual 'full' programme should automatically include all clean electricity sources** (including hydropower, geothermal and nuclear), regardless of whether they are co-located or not, to reflect a truly technology-neutral approach. Excluding certain clean energy technologies would both unjustifiably discriminate against them, thereby leading to inefficient investments, and undermine the scheme's overarching goal of making cPPAs accessible to additional off-takers by artificially limiting the potential supply of PPAs.

ii. Include repowered installations

Following the Clean Industrial Deal State Aid Framework (CISAF) and the EIB's own Additionality and Impact Measurement framework, the greenfield criterion of the technologies under consideration should be extended to **also include repowered installations by default**. The repowering of technologies like pumped storage hydropower, but also increasingly wind and other clean technologies, can yield significant productivity gains in a cost-efficient manner and while reducing land-use pressures. As under CISAF, such repowered installations should be considered 'additional' and thus be eligible for the cPPA counter-guarantee programme.

iii. Widen the scope of eligible off-takers

Eligibility for mid-caps should be broadened beyond rigid headcount-based definitions to better reflect market realities. Many emerging sectors, such as the hydrogen sector, involve start-ups or scale-ups that manage large contractual volumes despite having small teams, yet they are excluded under the current eligibility criteria. In addition, **the €25 million cap per off-taker is too restrictive**, as even mid-caps can handle significantly larger volumes. Raising this cap and adopting more flexible eligibility parameters would better match market realities and support the EU's objective of scaling strategic sectors, rather than limiting access to corporates with established balance sheets. Finally, the counter-guarantee programme should explicitly **acknowledge and accommodate an intermediary-driven model that includes aggregators, traders and service providers** to ensure inclusivity and scalability

iv. Improve accessibility

Finally, awareness among off-takers and their banks remains low, and the multiple institutional layers required before reaching the contracting stage risk resulting in underutilisation of the programme. By installing **a clear public-facing contact point at the EIB**, accessible to financial intermediaries, cPPA suppliers, off-takers and intermediaries such as aggregators, traders or energy service providers, the programme's effectiveness can be enhanced and cPPA deployment accelerated.

3. Future outlook

In addition to these immediate improvements – which could already be applied to the programme's pilot iteration – its 'full' version should incorporate the following elements:

i. Support electrification

Even in countries where the electricity system is or will be largely decarbonised, off-takers may still face challenges in signing long-term PPAs due to credit risk. To support electrification as a key pillar of a balanced energy transition, **the cPPA programme should also be eligible for cPPAs with new electrified demand** – and in general support electrification in highly decarbonized systems – even when not linked to a greenfield or repowered generation project.

ii. Introduce a direct scheme to supplement the indirect credit guarantee scheme

Larger projects aiming for FID in the coming years need faster execution and fewer intermediaries, which current structures struggle to provide. **Introducing an additional direct guarantee track, where the EIB provides a direct guarantee for cPPA transactions above a certain threshold**, would better align with the EIB's established approach to financing large-scale projects and reduce unnecessary delays. At the same time, maintaining and strengthening the indirect guarantee scheme for mid-caps and scale-up off-takers would ensure continued support for emerging players. Together, this two-tier structure – direct guarantees for large PPAs and reinforced indirect guarantees for mid-caps – would accelerate investment decisions, enhance market liquidity and enable Europe's energy transition to advance at the required scale and speed.

iii. Include developer credit risk in the counter-guarantee scope

The programme's current design focuses on off-taker credit risk, but market uncertainty can also expose projects to the risk that developers may, in very rare cases, fail to honour PPA settlements, particularly smaller developers without strong parent guarantees. While such situations are exceptional, they might still discourage off-takers from concluding cPPAs with smaller suppliers, hampering cPPA roll-out and limiting competition in the energy sector. **Extending the counter-guarantee to cover developer credit risk would help reduce this barrier,** enabling PPAs with smaller developers and supporting project bankability across technologies.

iv. Increase the budget for the 'full' programme

While a welcome first step, the budget of the pilot phase of the EIB counter-guarantee scheme falls short of matching the strategic importance and growth needs of the cPPA market. **In its full**

iteration, the programme's budget should be significantly increased to continue driving the conclusion of cPPAs in the long term. In addition, the EIB could strengthen the scheme by partnering with national promotional banks – such as KfW in Germany or Caisse des Dépôts in France – encouraging them to join the programme and thereby expand its financial capacity at national level.

ANNEX: Overview of the EIB cPPA counter-guarantee programme

Purpose

As part of the Clean Industrial Deal, the European Investment Bank launched a €500 million pilot programme to address a key barrier to corporate PPAs: the long-term creditworthiness of off-takers. By providing a counter-guarantee to a cPPA's financial intermediary, the pilot programme has the potential to simplify, accelerate and scale up cPPA uptake.

How it works

- The EIB does not guarantee the cPPA directly. Instead, it offers a counter-guarantee to commercial banks that issue guarantees to off-takers.
- The EIB covers up to 50% of the credit risk on a guarantee-by-guarantee basis, pari-passu. The financial intermediary retains the remaining risk.
- If additional protection is sought from third parties, the EIB requires equal footing.

Eligibility & scope

- **Assets:** greenfield renewable projects only (no repowering).
- **Technologies:** wind, solar, battery energy storage systems (BESS). Other technologies (e.g. hydropower) assessed case by case only.
- **Geography:** EU, Norway, Iceland.
- **PPA type:** both physical and financial.
- **Timeline:** assets must have entered operation no more than 3 years before signing the cPPA.
- **Eligible off-takers:** Mid-Caps (staff headcount ≥ 250 and < 3000) and Corporates (staff headcount > 3000), each with their own set of counter-guarantee product features (e.g. regarding tenor, eligible amount per off-taker, guarantee fee etc.).

Impact

This structure helps banks extend guarantees to midcaps and corporates under more favourable conditions, reducing fees and enabling longer tenors. By mitigating credit risk for financial intermediaries, the programme is expected to unlock more long-term clean cPPAs, supporting industrial decarbonisation and energy cost predictability across Europe.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability

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