

7 August 2025

Dear Mr Balenciaga

## **Phase 2 of the EIB Group Climate Bank Roadmap and Energy Sector Orientation consultation response**

The European Geothermal Energy Council (EGEC) welcomes the opportunity to provide feedback on the EIB's Climate Bank and Energy Sector Orientation to 2030. Our views on some of the questions posed and recommendations are:

### **1. Ambition**

Europe is confronted with a radically changed geopolitical situation. Clear direction and an urgency in investments that reduce energy and resource import dependency are required. These are the foundations of Europe's energy security and political sovereignty as well as the foundations of a future-proofed industrial policy that delivers competitiveness and prosperity for all whilst tackling the climate crisis. Therefore, the EIB must remain aligned to the Paris Agreement target and intensify its renewable energy lending, specifically geothermal, which has thus far not benefitted from the financial support granted to other renewables and technologies.

Neighbourhood and partnering countries face the same challenges. Supporting geothermal investments internationally, through the Global Gateway, will facilitate geopolitical stability, reduce energy import dependency, and accelerate decarbonisation. Many countries in Africa, the Middle East, the Americas, and Asia are turning to shallow and deep geothermal solutions. For example, India's Geothermal Energy Development Framework sets a target of 10 GW by 2030, whilst the IFC/World Bank is funding demonstration projects in Jordan, The Kyrgyz Republic, Tajikistan, Uzbekistan, Kazakhstan and Pakistan to nurture these markets. UN bodies have funded geothermal assessments in Moldova and Serbia to unlock these markets. Geothermal for all should be a central ambition of the EIB's strategy to 2030 and beyond.

### **2. Policy Impact**

Dedicated action is required to accelerate investment in geothermal. The European Commission will publish the European Geothermal Action Plan (EGAP) in Q1 2026. This will serve to recognise geothermal as a policy priority. The EIB's organisational structure as well as the quantity and diversity (electricity, heat, cooling, storage, etc) in the Bank's lending should be aligned to these new priorities. Whilst this EGAP is being developed, it is vital that the new strategy recognises the need for increasing support to geothermal investments.

### **3. Recommendations**

In view of the above, we recommend:

- **An advisory service agreement with EGEC** that identifies projects that could receive EIB financing and improve their bankability. This will allow the Bank to provide targeted advisory services to enable the EU to meet its upcoming target of geothermal electricity, heating, cooling, storage, lithium and other raw material extraction investments.<sup>1</sup> It will also enable the development of bespoke financial guarantees to increase domestic manufacturing capacity to meet this demand.<sup>2</sup>

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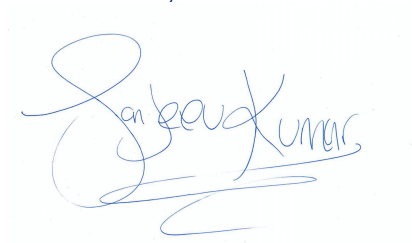
<sup>1</sup> This is similar to the 2021 agreement with Hydrogen Europe <https://www.eib.org/en/press/all/2021-284-eib-signs-advisory-agreement-with-hydrogen-europe>

<sup>2</sup> These would operate on the same basis as the support provided for additional wind manufacturing capacity such as <https://www.eib.org/en/press/all/2023-510-eib-commits-eur5-billion-to-support-europe-s-wind-manufacturers-and-approves-over-eur20-billion-in-financing-for-new-projects> and <https://windeurope.org/newsroom/news/eib-is-making-quick-progress-on-counter-guarantee-facility-total-of-e2bn-provided-so-far/>

- **De-risking** geothermal projects that require hydrothermal resources is essential. An EU-wide financial de-risking guarantee scheme will help to reduce this risk. Some countries, such as France and The Netherlands have established de-risking schemes which provide insurance against a resource not being found. The French scheme fostered the growth of the sector and contributed to France having the largest installed capacity of geothermal district heating and cooling systems in the EU and second in all of Europe.<sup>3</sup> Germany is in the process of approving its financial de-risking scheme. Other countries are considering whether similar national schemes will reduce transaction costs, and therefore total project costs, or if it is better to benefit from the system efficiencies of a European scheme. The EIB plays a critical role in designing and supporting the national and/or European schemes.
- **Programmatic funding for low-risk geothermal systems.** Geothermal systems which do not require a hydrothermal resource can be classed as scalable commodities and therefore benefit from programmatic finance. This can be established jointly with governments, especially those that have already adopted national geothermal targets. Austria, France, Germany and Poland are just some of the countries that have adopted national geothermal deployment targets. These funding systems can be formal three-way contracts with specific consumers such as cities and/or social housing providers.
- **Geothermal in the Global Gateway.** Many countries are turning to shallow and deep geothermal systems due to the onset of the climate crisis and energy security concerns. This provides ample opportunity for exporting European technical expertise, which is already prevalent in developing geothermal systems in China and the USA and other countries.
- Providing **counter-guarantees** to NPB/NPIs and private banks to increase their ability to finance local geothermal projects and manufacturing capacity.
- Issuing **guidance on financing geothermal investments** will help the EIB and the entire financial community on the structure of financing geothermal projects and provide a uniform means of assessing hydrothermal risk, project risk, timescales and overall bankability.
- **Representation on the Geothermal Industrial Alliance.** This is one of the key new structures proposed by the TTE Energy Council in December 2024 (16939/24) to deliver the EGAP. It will focus on focus on knowledge sharing and designing regulations that unlock the barriers to mass geothermal deployment. The EIB is a key stakeholder in this journey and will be expected to be part of the Alliance.

We look forward to working with you to ensure geothermal plays a vital role in meeting the Paris Agreement climate target as well as providing a pipeline of lucrative investment opportunities.

Yours sincerely



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<sup>3</sup> C Abesser; A Gonzalez Quiros; J Boddy (2023) "A deep geothermal energy white paper: The case for deep geothermal energy – unlocking investment at scale in the UK".