

German solar company raises €30m certified green loan

MEP Werke, a German rooftop solar panel company, launched the first tranche of a green debt issuance programme on Tuesday, taking a €30m green loan from Delta Lloyd Asset Management.

By Silas Brown 12 Jan 2017

The loan is certified by the Climate Bonds Initiative, an NGO that aims to promote financing to combat climate change by establishing standards of greenness for debt issues. The loan is the first long-term financing for a solar leasing firm in Europe.

MEP Werke and Strasser Capital, the private equity company that sponsors the German company, joined the Climate Bonds Initiative partner scheme in June 2016.

NIBC arranged the loan, which is secured on a portfolio of leases MEP Werke has made to homeowners to finance photovoltaic panels installed on their roofs. MEP Werke is a subsidiary of Strasser Capital, a private equity firm focused on clean energy investments. NIBC structured the MEP's Green Financing with Hexagon and Clifford Chance. The bank had previously provided the initial financing via a warehouse facility.

The deal is the first tranche of a green finance programme for MEP Werke, intended to reach €100m over four tranches.

NIBC has granted MEP Werke its second senior warehouse facility to allow it to issue a second tranche. It was issued through the Irish SPV Deutsche Ökostrom.

The first tranche is a 20 year fixed rate loan and amortizing. The loan is fully drawn and secured by a granular pool of solar lease receivables. MEP chose that maturity to match its solar panel 'leasing instead of buying' model — a scheme in which it leases solar panels to customers for 20 years.

"This green loan secured MEP a long-term 20 year financing of our business model ('maturity matching')," said director corporate finance and investments of Strasser Capital, Ulrich Bogner. "In addition it offers long-term investors such as pension funds or insurance companies a secured and certified green fixed rate investment opportunity."

The leasing scheme is insured by Allianz.

"This is the first time an MEP loan has been certified by the Climate Bonds Initiative," said an MEP official. "As the loan is financing the solar leasing scheme, our green credentials are quite straightforward."

MEP Werke was founded in 2004, and is one of Germany's decentralised energy providers.

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