

Markets Monthly #1: USD14.3bn Issuance in January: Chile 3rd Sovereign GB: Mexico & Spain Next? Renew re-joins Indian market: Spotlight on Issuers from Energy Grid Providers

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Welcome to the new Markets Monthly!

We have changed the format slightly and would love to hear your feedback...

In 2020 we are looking to provide a more holistic view of the green bond market, integrating analysis and reading lists, with a focus on selected deals by new issuers.

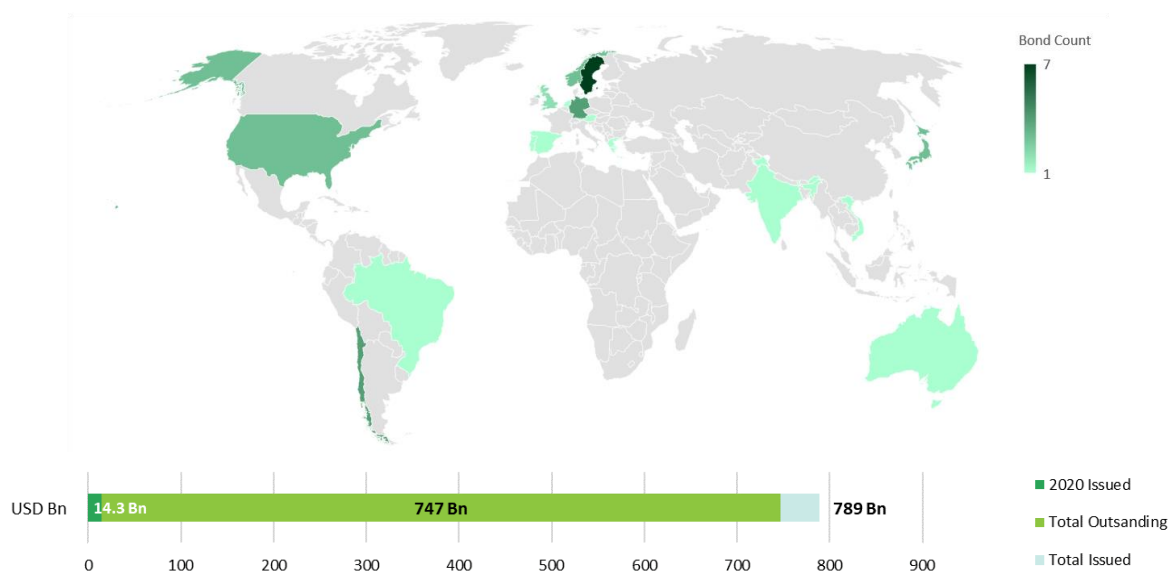
If you're interested in offering [feedback](#) or would like to know more about our Market Data please reach out at: dataenquiries@climatebonds.net

What's New



Our [Green Bonds Market Summary 2019](#) analyses the record annual green bond and green loan issuance to 30 December of USD257.7bn. The total is up by 51% on the final 2018 figure of USD170.6bn. USD10bn (4%) of the total are green loans.

Green bond deal count across the globe: January 2020



January at a glance

The year started off with total January issuance of **USD14.3bn** (a drop of 29% compared to January 2019), taking the total cumulative issuance volume to date up to **USD789bn**.

Green Sovereigns had a strong start to the year with **USD3.8bn** solely coming from the **Republic of Chile**. Chile first joined the sovereign green bond market in June 2019 with a ground-breaking Climate Bonds Certified issuance, Latin America's [first sovereign](#) to issue a green bond, generating very high demand.

January saw four deals; two of them were taps of 2019 issuances and two were new bonds, again denominated in USD and EUR. All were Certified Climate Bonds. The new deals [achieved historically low rates](#) and financed mainly low carbon transport projects.

Overall, **Latin America** is expecting [further growth](#) in green bond volumes. Juan Antonio Ketterer from the **IDB** is **optimistic** about the region, outlining the some of the development banks' green finance directions in this special [Environmental Finance](#) feature.

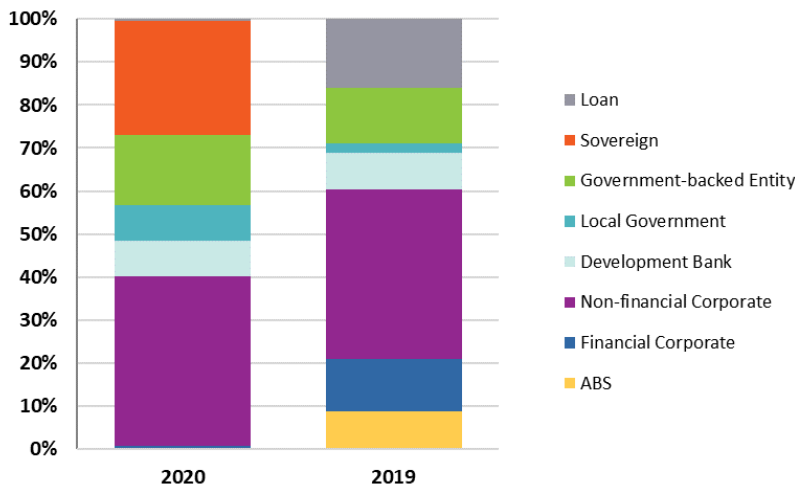
On the sovereign side, **Mexico** is [planning](#) its inaugural issuance sometime this year.

Sovereign greens from **Europe** are also gaining attention as **Danish pensions administrator PKA made a further investment** of DKK1.5bn (USD221.1m) in the Dutch sovereign bonds financing renewable energy, low-carbon transport and climate adaptation projects.

Denmark is also [planning](#) an innovative structure for green bonds where a vanilla issuance would be combined with a "green certificate" – both individually tradable. The Danish Treasury is considering this from a liquidity management perspective and to protect its AAA-rating.

Only two **Financial Corporates** issued green bonds in January 2020 with a total of **USD115.9m**, one newcomer to the market, **Orix** (Japan) and one repeat issuer, **Raiffeisen Bank International** (Austria). However, there are already four deals announced by banks and REITs for February 2020 (see Green Bond Outlook).

Sovereigns account for 27% of total January 2020 issuance – a strong start to the new year compared to January 2019



Non-financial Corporates made up the largest segment of January volume with **USD5.6bn**. Two large deals contributed to this figure: **Digital Dutch Finco B.V.** (Digital Realty Trust), Netherlands, with EUR1.4bn (USD1.6bn) and **E.ON**, Germany, raising EUR1bn (USD1.1bn), both repeat issuers.

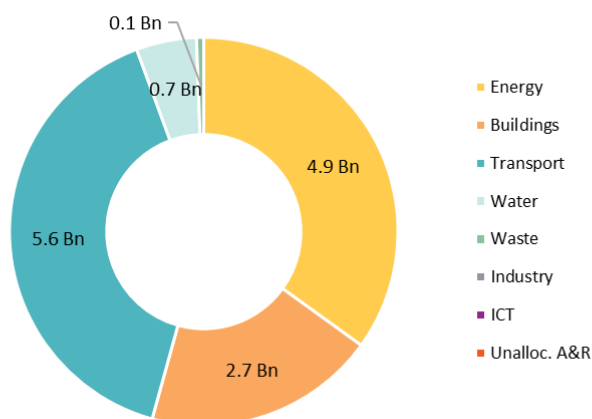
Renewable Energy took up 34% of the overall Use of Proceeds (UoP) allocation for the month (Digital Dutch Finco B.V. and E.ON allocating 33% and 50% of their issuance volume, respectively).

ReNew Power, India’s largest independent power producer, [returned to the market](#) with a **USD450m** deal which will be used for refinancing instruments maturing next year. Such repeat issuance shows an ongoing commitment to energy sector decarbonisation, crucial to meeting India’s ambitious clean energy goals. Financial risks for carbon intensive industries are increasing, as [reported by Lex](#): **Stranded energy assets** could make up as much as **USD900bn** in the energy sector.

Two **energy grid operators** (National Grid and Red Eléctrica) had their inaugural green bond issuance in January and contributed to the 34% UoP figure (see New Issuer Spotlight).

The **Water** sector saw the **lowest issuance** volume since March 2019 at USD0.7bn. Similarly, funds for **Waste** projects were significantly lower compared to individual monthly issuance all year in 2019. In January 2020 no **Industry** or **ICT** projects were financed.

Transport, Buildings and Energy dominate UoP



Worth Reading

Manuel Adamini, Head of Investor Engagement at Climate Bonds, discusses the brown-to-green transition in depth with Natixis. Read the full interview [here](#).

...and:

- Who Are The 100 Most Sustainable Companies Of 2020? - [Forbes](#)
- ESMA sets out sustainable finance strategy - [Finextra](#)
- Investors and the Blue Economy - [Credit Suisse](#)
- European boost for green bonds - Private sector must finance Brussels' environmental plans - [HSBC](#)
- RobecoSAM fund seeks opportunity in 'circular economy' - [funds europe](#)
- Singapore advances its role as [green finance hub](#) with a \$44m green loan into Myanmar - [Shwe Taung](#)

> Check out the full list of [new and repeat issuers](#).

> Click on the issuer name to access the new issue deal sheet in our online [Bond Library](#).

New Issuer Spotlight

[Porsche AG \(EUR1bn/USD1.1bn\)](#), Germany. The luxury car maker issued its first green instrument; a green Schuldschein which is **Certified** against the Low Carbon Transport Criteria of the **Climate Bonds Standard**. It finances and refinances previous and future investments in the development and manufacture of the new Porsche Taycan.

This is the first fully electric sports car to be produced by the iconic auto maker.

Porsche is the first car maker to obtain Certification for a green bond under the Low Carbon Transport Criteria, a signal to the automotive industry for adopting best practice towards the manufacture of a greener sports car.

Porsche Taycan's production was announced in August 2019 and the car will be available in various markets in the coming months. The manufacturing plants are based near Stuttgart, Germany. Until the proceeds are fully allocated, annual reports will be made available to bondholders only. These reports will have details regarding the allocation of proceeds.

*In January 2020, two major **grid operators** from the United Kingdom and Spain entered the green bond market financing a variety of projects collecting more than USD1b of funding together. These players are crucial in spurring the shift to renewable energy, as [acknowledged](#) at the Future Energy Summit in Abu Dhabi in the middle of January.*

[National Grid \(EUR500/USD554m\)](#), a non-financial corporate from the **United Kingdom**, issued its inaugural green bond maturing in 5 years' time. This senior unsecured green bond benefits from an [SPO](#) issued by DNV GL. Emphasising the importance of decarbonising the energy sector, the National Grid will contribute to the UK's Net Zero Carbon by 2050 target.

Eligible categories include renewable energy, which covers grid connection, transmission and distribution infrastructure, and renewable energy generation. Further projects will focus on energy efficiency, green buildings, clean transportation, pollution prevention and control, as well as sustainable natural resource management and land use.

Allocation and impact reporting will be available through the company's [website](#) or the annual report within a year from the first borrowing date and will continue until full allocation. The allocation report will include: the list of eligible green projects, the aggregated amount of allocated proceeds to each eligible project category, the ratio of financing and refinancing, and management of unallocated proceeds. The impact report will include indicators such as CO₂ emissions avoided, and renewable energy sources connected (MW).

Climate Bonds view: Decarbonising the energy sector plays a major role in shifting to a low-carbon economy. In addition to the process of power generation itself, it is vital to invest in grid infrastructure and storage technologies. The National Grid is doing exactly this in order to contribute to the UK's target of becoming carbon neutral by 2050, whilst adding to the

yet sparse pool of 15 British green bond issuers. Volume is currently at a total of USD15.3bn in green bonds outstanding with the largest proportions going towards renewable energy (29%) and water (23%) projects.

The [Green Bond Framework](#) covers a broad spectrum of eligible categories on the core business side (such as connection infrastructure and retrofits to reduce energy losses) as well as the operational side (e.g. green buildings).

To date grid operators from 10 different countries have issued green bonds, mainly from Europe. We hope that this encourages issuers from other regions to consider such projects in the future.

[Red Eléctrica \(EUR700/USD775m\)](#), a government-backed entity from **Spain**, joined the green bond market with a senior unsecured instrument that will mature in 8 years. Sustainalytics issued a [SPO](#) for the framework, whose eligible project categories include renewable energy and clean transportation. This ranges from investments in integrating and enhancing the transmission capacity for renewable energy and the direct integration of renewable energy generation to the grid to decarbonisation projects enabling renewable energy integration, as well as investments in high speed rail lines and electrical connections.

Information on allocation and impact of the green financing will be provided on an annual basis on the company's [website](#) until full allocation of the net proceeds. These reports will include information such as the total amount invested in the eligible projects, the ratio of new and existing projects, the year of investment, the balance of unallocated proceeds and the geographical distribution of assets.

Key measures disclosed in the impact report will be the increase of renewable energy capacity and estimated annual CO₂ emissions avoided. The impact report may also include case studies.

Climate Bonds view: Spain [ended 2019 with renewables accounting](#) for almost half of the total installed energy generation capacity. Red Eléctrica's green bond underpins this trend and the country's ambition to decrease its carbon footprint and to switch to [100% renewable electricity](#) by 2050.

It's positive to see such transparency in post-issuance reporting, which will also include the geographical distribution of assets financed. Not only is this level of detail rare to see in green bond reports, but it is also particularly important for industries comprised of interconnected networks of operational assets, which grid operators clearly fall under.

New Issuers continued...

Public Sector

- [Ferde AS \(NOK2bn/USD223m\)](#), Norway, 4.5Y original term, SPO provided by [CICERO](#).
- [Nord/LB \(EUR300m/USD331m\)](#), Luxembourg, 5Y original term, SPO provided by [Sustainalytics](#).
- [San Lorenzo Valley California Water District \(USD14m\)](#), USA, 18.1Y original term, assurance provided by BAM GreenStar - issued in August 2019.
- [The State of Nevada Department of Business and Industry Environmental Improvement \(USD50m\)](#), USA, 18.5Y original term, SPO provided by [Sustainalytics](#) - issued in September 2019.

Financial Corporates

- [Orix \(JPY10bn/USD92m\)](#), Japan, 5Y original term, SPO provided by [Sustainalytics](#).
- [Sunndal Sparebank \(NOK75m/USD9m\)](#), Norway, 3Y original term, SPO provided by [CICERO](#) - issued in February 2019.

ABS & Loans

- [BYD Company Limited \(CNY3.7bn/USD521m\)](#), China, 3Y original term, SPO provided by Lianhe EQ - issued in August 2019.
- [Capital Court Limited \(HKD3.6bn/USD460m\)](#), Hong Kong, 4Y original term, no third-party review - issued in September 2019.
- [Ningbo Beilun Public Traffic Co., Ltd. \(CNY615m/USD88m\)](#), China, 10Y original term, no third-party review - issued in December 2019.
- [Qingdao International Shipping Building Management Co., Ltd. \(CNY1.9bn/USD270.1m\)](#), China, 17.7Y original term, no third-party review - issued in November 2019.

- [State Power Shanxi New Energy Development Co., Ltd \(CNY405m/USD58m\)](#), China, 3Y original term, SPO provided by The iGreen Bank - issued in December 2019.
- [The Wharf \(Holdings\) Limited \(HKD2.0bn/USD2.6m\)](#), Hong Kong, no third-party review - issued in January 2019.
- [Tongren Jiaotong Group Public Transportation Co., Ltd. \(CNY220.0m/USD31.0m\)](#), China, 1Y original term, no third-party review - issued in December 2019.
- [Vietnam Prosperity Joint-Stock Commercial Bank \(USD71m\)](#), Vietnam, 5Y original term, no third-party review.

Non-financial Corporates

- [EEW Capital Finance PLC \(EUR25m\)](#), UK, 5Y original term, Certified Climate Bond - issued in August 2019.
- [GSP Renewable Energy Pte Ltd \(USD15m\)](#), China, 5Y original term, SPO provided by HKQAA - issued in July 2019.
- [Jiangxi Provincial Water Conservancy Investment \(USD300m\)](#), China, 3Y original term, assurance provided by HKQAA - issued in December 2019.
- [Tokyu Fudosan Holdings Corp \(JPY10bn/USD91m\)](#), Japan, 5Y original term, rated Green 1 by JCR.
- [Zhuhai Da Heng Qin Invest Co \(CNY800m/USD114m\)](#), China, 2Y original term, assurance provided by EY - issued in November 2019.

Visit our [Bond Library](#) for more details on January deals and a full history of debut issuances going back to 2017.

Green Bond Outlook

Announced for the month of **February** are predominantly repeat issuers, but three market newcomers have also stated their issuance already: **Bankinter** (Spain), **Telia Co** (Sweden) and **Santander Consumer Bank** (Norway).

Overall, deals from four financial corporates are scheduled for February. The majority of the issuers come from Scandinavia.

After [Peru](#) and [Colombia's](#) preliminary announcements

last year, **Mexico** is also [planning](#) to join the green bond market with inaugural issuance foreshadowed for 2020.

Ecuador came out with its [first Sovereign Social Bond](#) in January financing the country's housing sector.

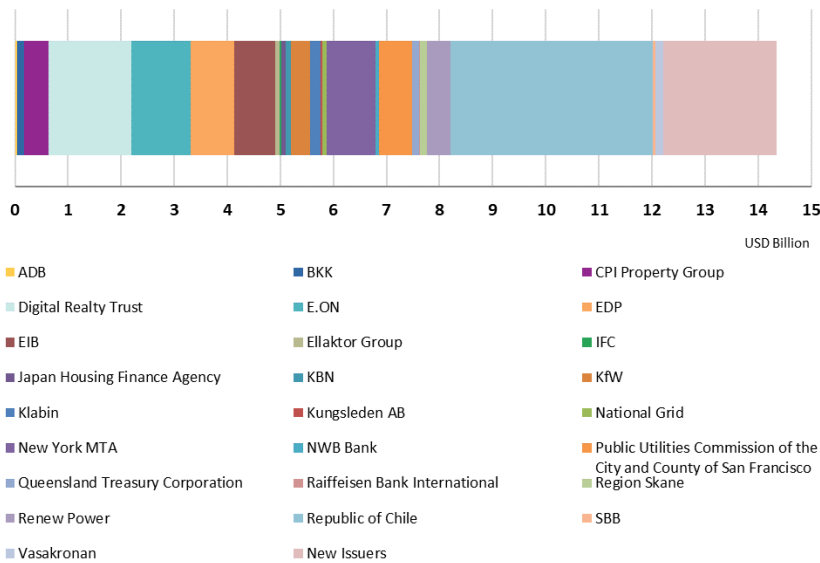
Spain [will likely issue](#) its first green Sovereign bond in the second half of 2020 with a 20-year tenor. EPSA is also [expected to tap](#) the green bond market again to finance solar projects.

Issuer Name	Closing Date	Link
LBBW	03/02/2020	Open
Rikshem	03/02/2020	Open
Shwe Taung Group	05/02/2020	Open
Bankinter	06/02/2020	Open
Prologis	06/02/2020	Open
MünchenerHyp	10/02/2020	Open
Telia Co	11/02/2020	Open
Santander Consumer Bank	12/02/2020	Open

Data and references

Repeat issuers in January

Repeat issuers accounted for 85% of issuance in January



Repeat issuers: January – November 2019 (not previously included)

- ADB (Asian Development Bank): SEK1.5bn/USD155.7m - November 2019
- ADB (Asian Development Bank): SEK150m/USD15.4m - August 2019
- ADB (Asian Development Bank): SEK1.3bn/USD132.2m - July 2019
- Alperia SPA: NOK935m/USD117.8m - October 2017
- BKS Bank: EUR5m/USD5.5m - September 2019
- Eidsiva Energi AS: NOK500m/USD54.7m - October 2019
- Eidsiva Energi AS: NOK1bn/USD109.4m - October 2019
- Fastighets AB Balder: SEK1.3bn/USD136.9m - December 2019
- First Abu Dhabi Bank (National Bank of Abu Dhabi): USD50m - September 2019
- Hang Lung Properties Limited: HKD1bn/USD128.3m - December 2019
- Hysan MTN Limited: HKD500m/USD63.7m - April 2019
- Hysan MTN Limited: HKD250m/USD31.9m - May 2019
- IFC (International Finance Corporation): HKD100m/USD12.7m - June 2019
- Public Service Company of Colorado (Xcel Energy): USD550m - August 2019
- Samhällsbyggnadsbolaget i Norden AB: SEK500m/USD51.6m - September 2019
- Sparebanken Sogn og Fjordane: NOK300m/USD33.1m - September 2019
- Keppel Reit: SGD150m/USD110.1m - December 2019
- Ocean Properties: SGD505m/USD369.5m - June 2019
- Soilbuild Group Holdings: SGD248m/USD179.7m - September 2019
- OCBC: AUD500m/USD341.7m - May 2019
- OCBC NISP: USD150m - August 2018

Pending and excluded bonds

We only include bonds with at least 95% proceeds dedicated to green projects that are aligned with the Climate Bonds Taxonomy in our green bond database. Although we support the Sustainable Development Goals (SDGs) overall and see [many links](#) between green bond finance and specific SDGs, [in particular](#) SDGs 6, 7, 9, 11, 13, 14 and 15, the proportion of proceeds allocated to social goals should be no more than 5% for inclusion in our database.

Issuer Name	Amount issued	Issue date	Reason
Excluded			
RYOBI LIMITED	JPY13bn/USD119.5m	31/01/2020	GB not aligned
Vasakronan	EUR100m/USD563.7m	12/04/2019	Unlabelled
Guangxi Briwater Environmental Investment Co. Ltd.	TBC	TBC	Insufficient information
Brookfield property finance ULC	CAD400m/USD0m	15/01/2020	Unlabelled
IBRD	CAD1.5bn/USD1.1bn	26/07/2019	Sustainability/Social bond
Williston State College	USD7m	22/08/2019	Not aligned
The Confederated Tribes of the Warm Springs Reservation of Oregon	USD20.4m	29/08/2019	Insufficient information
Kaneka Corporation	JPY5bn/USD46.4m	12/09/2019	Not aligned
Port of LA	USD7.9m	18/09/2019	Not aligned
	USD7.9m	18/09/2019	Not aligned
NCC	SEK750m/USD77.3m	25/09/2019	Not aligned
	SEK850m/USD87.6m	25/09/2019	Not aligned
Ichinen Holdings Co., Ltd.	TBC	TBC	Insufficient information
Porterbrook	GBP100m/USD129.5m	01/11/2019	Not aligned
WB (IBRD)	CAD1.5bn/USD1.2bn	16/01/2020	Sustainability/Social bond
Fuyo Lease	JPY5bn/USD46.4m	22/07/2019	Not aligned
Shinhan Group Financial Group	EUR500m/USD500m	30/07/2019	Not aligned
IFC	SEK65m/USD6.9m	17/07/2019	Not aligned
Credit Agricole CIB	USD300m	09/07/2019	Not aligned
Sumitomo Mitsui Finl Grp Inc	EUR500m/USD558.6m	22/05/2019	Insufficient information
Southwestern Public Service Co	US300m/USD300m	11/06/2019	Insufficient information
Construcciones el Condor SA	COP100bn/USD31.4m	28/03/2019	Insufficient information
Electronica Finance Limited (EFL)	INR709.509m/USD10m	16/04/2019	Not aligned
Lidl Austria	EUR300m/USD335.5m	15/05/2019	Not aligned
East Renewables	EUR75m/USD83.5m	21/05/2019	Insufficient information
City council of Stockholm	SEK1bn/USD105.8m	04/06/2019	Insufficient information
RCBC	PHP8bn/USD154m	04/06/2019	Not aligned
Landsea green group	USD200m	20/06/2019	Insufficient information
Owens-Illinois Group	EUR500m/USD550.8m	12/11/2019	Not aligned
	EUR500m/USD550.8m	12/11/2019	Not aligned
SKF	EUR300m/USD331m	15/11/2019	Not aligned

EIB (European Investment Bank)	AUD250m/USD185.6m	18/06/2018	Unlabelled
Contact Energy	NZD50m/USD33.1m	15/01/2020	Sustainability/Social bond
Shriram Transport Finance Corp	USD500m	16/01/2020	Sustainability/Social bond
Republic of Indonesia	USD167.9m USD1.1bn	20/02/2019 20/02/2019	Not aligned (regular bond) Not aligned (regular bond)
Pending			
EUROFIMA	EUR50m/USD55m EUR75m/USD82.7m EUR200m/USD221.9m	30/01/2020 31/01/2020 22/01/2020	Insufficient information Insufficient information Insufficient information
Mowi ASA	EUR200m/USD220.4m	31/01/2020	Insufficient information
Credit Agricole	JPY2.1bn/USD19.1m	27/01/2020	Insufficient information
ENGIE	EUR750m/USD848.7m	21/06/2019	Insufficient information
Stockholms Lan Lansting	SEK400m/USD42m	22/01/2020	Insufficient information
Natixis	EUR2.149m/USD2.4m EUR30m/USD33.5m	17/12/2019 13/12/2019	Insufficient information Insufficient information

News and reports links

Title	Source	Link
Investing news		
Bringing Transparency to Green Bonds in Latin America and the Caribbean	Environmental Finance	Open
Chile obtiene una tasa récord en emisiones de bonos verdes en dólares	PV Magazine	Open
Ecuador issues world's first Sovereign Social Bond, with the support of an IDB guarantee	IDB	Open
GREEN ISSUANCE	Danmarks Nationalbank	Open
Green bonds: a step towards a carbon-neutral future for Latin America	Al dia	Open
Green Finance in Singapore: Barriers and Solutions	ADB	Open
Lex in depth: the \$900bn cost of 'stranded energy assets'	Financial Times	Open
PKA takes fifth of latest Dutch green bond issuance	IPE	Open
ReNew Power Secures \$450 Mn Funds Through Dollar Bonds	Inc42	Open
RobecoSAM fund seeks opportunity in 'circular economy'	funds europe	Open
Reading & reports		
Esma sets out sustainable finance strategy	Finextra	Open
European boost for green bonds	HSBC	Open
Investors and the Blue Economy	Responsible Investor	Open
Walking the Talk – Transitioning Brown Industries to Green	Natixis	Open
Who Are The 100 Most Sustainable Companies Of 2020?	Forbes	Open
Green bond gossip		
Colombia explores green bond	LatinFinance	Open

El Tesoro prevé una emisión neta de 32.500 millones en 2020 y emitir bonos verdes en el segundo semestre	El periodico de la energia	Open
EPSA taps bond market to finance solar projects	LatinFinance	Open
Mexico preparing ground for green bond in 2020 – Herrera	LatinFinance	Open
Peru could follow Chile with green bond	LatinFinance	Open

Don't forget, [registrations](#) are now open for **Climate Bonds Conference2020!** 5th-7th May in London.

Your [Feedback](#) is welcome.

Watch this space for market developments and any if you have any data requests please send them to dataenquiries@climatebonds.net.

'Till next time,

Climate Bonds

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