Eurogas response to EIB consultation:
Approach to supporting climate action

Theme 1:
Is a volume-based lending target an appropriate climate action target for the Bank?

The EIB’s lending policy should support agreed overall EU policy goals. A volume-based approach reflecting these goals seems to be appropriate. Within the area of climate action, cost-effective contribution to greenhouse gas (GHG) emissions reductions should be amongst the guiding principles.

Is the current list of eligible projects in the sectors targeted for EIB Climate Action fit for this purpose?

The agreed 2050 climate goal of the EU is to reduce GHG emissions by 80-90% compared with 1990 levels. The 2020 targets and the 2030 framework seek to set milestones and describe certain ways (renewables, energy efficiency) to reach the 2050 GHG emissions reduction goal. As GHG emissions reductions can be achieved more cost-effectively if the development of renewables and energy efficiency is complemented by other measures, e.g. through fuel switch from higher carbon fuels to gas, the Bank should make this more explicit in its approach at sector level. The preferable way of selecting projects in a technologically neutral way, without picking winners, is by adopting agreed future carbon price assumptions and by valuating the emissions reductions of a project against this carbon price. The assumptions should reflect the likelihood of an increasing carbon price as carbon emission targets become more stringent over time.

How should the Bank’s climate action lending target evolve over time to reflect global policy development?

The target should be reviewed at regular intervals to ensure it remains in line with both EU and global policy developments.

Theme 2:
Based on its existing business model and taking current market constraints into account, how can the Bank further improve the solutions it is providing to foster more climate resilient low carbon growth, both within and outside the EU?

What role should technical assistance and increased channelling of EU grants through the EIB play?

With current market constraints, cost-effectiveness of climate action is more important than ever. The approach should be technology-neutral and the cost-effectiveness of a project in reducing GHG emissions should be amongst the main criteria when comparing project applications.
Technical assistance provided by the bank, for mitigation as well as adaptation purposes, can be very valuable to project developers when preparing projects for funding application and when considering different financing options.

Theme 3:

Based on its experience with support for venture capital funds, RSFF/InnovFin and NER300, how can the Bank increase its support for European RDI and emerging low carbon technologies?

How can energy-intensive industries that invest in innovation addressing lower carbon industrial processes be best supported?

Supporting research, innovation and demonstration of emerging low-carbon technologies should have a high priority in the EIB’s lending policy than financing mature technologies. A volume-based sub-target for financing R&D projects related to climate action as part of the overall volume-based lending target for climate related projects could be considered.

Research, development and demonstration should be supported in a technology-neutral way, based on how promising the technology is in regard to its contribution to reducing greenhouse gas emissions cost-effectively. Lack of economic viability alone should not be a criteria because the technology will be unlike to reduce greenhouse gas emissions cost-efficiently in the future.

Theme 4:

How can the Bank most effectively support additional private sector investment in low carbon, resource-efficient, climate resilient technologies?

What sort of financing structures should be supported to best catalyse private sector finance?

Is the current EIB product portfolio appropriate to meet climate finance needs?

How can the Bank best employ the joint Commission-EIB blending facilities, innovative financial instruments and advisory services in support of climate action projects?

No comment.

Theme 5:

How can the Bank make better use of the project or sector level GHG results to better inform its internal decision-making process?

Does the current approach of the Bank, to integrate a price of carbon into the economic appraisal of a project, adequately reflect issues such as carbon lock-in?

As said above, the level of GHG emissions likely to be reduced and the cost-efficiency of doing so should be amongst the main guiding criteria for the Bank.
The implementation of existing EU policy, particularly the pursuit of the GHG reduction target, will avoid carbon lock-in. The ETS and the price of carbon is the most cost-effective instrument to achieve this.

How can the Bank further improve the EE and climate resilience of the projects it supports?

Climate resilience can be improved by giving special attention to the role that gas (natural gas, biomethane, synthetic methane) can play, for example:

- Substituting higher carbon fossil fuels with gas is the quickest and most cost-effective way to reduce carbon emissions in Europe and other parts of the world.
- Gas can be supplied in a very flexible way and is therefore the ideal backup fuel for variable renewable power generation.
- For the same reason, gas is able to provide cost-efficient energy savings through hybrid solutions (RES/gas) for heating applications.
- Gas-based technologies are becomingly increasingly “smart”, with the emergence of smart heating appliances, such as fuel cells, hybrid technologies and gas heat-pumps.
- Gas used for transport purposes can significantly lower carbon emissions and diminish local air pollution.
- Gas infrastructure (transport, distribution, storage systems) is able to store and transport the same amount of energy at much lower cost than electricity infrastructure.

Theme 6:

Building on its strong institutional position, how can the Bank improve its outreach on climate action issues to civil society, think-tanks, academia and the business community?

Activities such as this consultation and events as well as appropriate information campaigns organised in Brussels and in the Member States will improve the Bank’s outreach.

Theme 7:

How could the Bank continue to develop its leadership and collaboration with other multilateral development banks and international financial institutions to better support the international climate finance debate and negotiations?

What partnerships should the Bank develop in mobilising the UN-pledged USD 100bn annually by 2020 to support technical assistance and funding for mitigation and adaptation projects in low and middle-income countries?

No comment.