RE: NEW-IG Contribution to the Consultation on the EIB Energy Lending Policy

On behalf of the Fuel cells and hydrogen sector, represented by the Industry Grouping for Fuel Cells and Hydrogen Technology (NEW-IG) we like to respond to the consultation paper on the EIB Energy Sector Lending Policy.

As a policy driven bank the EIB committed to support implementation of EU objectives. Hydrogen and fuel cells technology are amongst the key-innovations that Europe will have to rely on in order to achieve its low carbon and energy secure economy and to achieve the ambitious objectives for integration of renewable sources. The combination of hydrogen and fuel cells prove a safe, highly efficient power generation pathway, allowing flexible and decentralised power-generation with no harmful emissions at point of use. Hydrogen can be stored in various forms and transported in various modes. As such fuel cells and hydrogen technology is an essential element of the EU energy policy, e.g. enabling storage and uptake of large volumes of intermittent renewable energy. Hydrogen is further used in fuel cell electric vehicles and serves as an important link between the (renewable) energy and transport system.

In order to break the current oil-dependence, there is a need for substitution technologies and investments in innovative energy systems.

The macro-economic impact of FCH technologies is considerable. The FCH market is showing an accelerating growth and, according to recent surveys, is expected to create several hundreds of thousands of jobs worldwide as a consequence. Europe is still at the forefront of this development, together with leading countries like the USA and Japan, however other geographies are catching up rapidly. In the next 10 years significant investments will have to be made to deploy the technology in the market.

EU public intervention will be necessary to bring these technologies to the market. In order to attract the private investment necessary to overcome the underlying problem drivers, such as
market-failure for first-movers, deficient leveraging of available funding and fragmentation plus lack of critical mass, adequate risk-sharing tools should be created, tailored to the specifics of this type of large scale systemic innovation.

Typically such investments are long-term, with a negative to very low return during the period of de-risking and volume-building, the so-called ‘valley of death’. Studies show positive business-case on the long run, but not within the current acceptable levels of risk-taking for single public or private entities.

Against this background, we believe it is necessary for the EIB to review its policy in view of establishing financial mechanisms to support this transition. As a policy-driven bank, we believe EIB should address these issues and provide a mechanism to absorb part of the risks involved and facilitate public-private financing of these necessary substitution-investments.

The Fuel cells and hydrogen joint undertaking (FCH JU), which is the public private partnership for the development of fuel cells and hydrogen between the European Commission, the FCH industry and research sectors ([www.fch-ju.com](http://www.fch-ju.com)) is commissioning a study in close collaboration with some European Member States and the EIB, in order to analyse the available funding-mechanisms, identify gaps and create adequate support mechanism to bring forward these innovation investments.

The outcomes of this study are expected in the course of the second quarter of 2013 and could serve as a valuable input in this revision. NEW-IG therefore urges the EIB to take the outcomes into account and we remain at your disposal for further discussion and engagement.

Yours sincerely,

Pierre Etienne Franc,
Chairman of NEW-IG