Response to Public Consultation on EIB´s Energy Lending Policy

European Investment Bank
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To Whom It May Concern:

Thank you for the invitation to participate in the Public Consultation on EIB´s Energy Lending Policy, as well as the 7 December 2012 Public Consultation Meeting at Bibliothèque Solvay in Brussels. I found the meeting quite useful. I find the consultation quite timely.

Please find below a response that addresses primarily a number of specific questions raised in your issues paper (Consultation Paper of October 2012 ). The replies are made against the background of the presentations and discussion from the 7 December meeting, as well as your policy documents on related subjects, from 2006 and 2007.

The views below are personal, based on experience in this sector, and cover some quite specific points. However, in addition to these views, I do, also fully subscribe to and support the views expressed in the consultation response submitted separately by the European Insulation Manufacturers Association (EURIMA), with which I am affiliated.

4.3 Energy Efficiency

Do you consider the criteria used by the Bank to categorise projects as Energy Efficiency projects appropriate (see Annex 1)? What alternative would you propose?

To be in line with EU energy efficiency policy, especially as set out for the buildings sector, in recent legislation (EPBD recast, Regulation on Cost-Optimal Methodology, Energy Efficiency Directive, the EIB must abandon its 20% energy performance improvement criteria, and instead replace it with thresholds that reflect actual improvement potentials. A very large share of the building stock can be improved cost-effectively by a factor of four, or by 75% or more, with deep renovations. Life cycle cost analysis (LCCA) and net present values should be used to determine levels of investment, instead of using simple pay back periods (SPP). If 20% improvement is used as a criteria to select energy efficiency projects in the buildings sector, this will have disastrous “lock-in” effects, due to the 30-40 year renovation cycle of buildings. This practice will likely prevent the EU from reaching its 2050 GHG emission reduction goals of 80% - 95%.

Share of energy efficiency as opposed to renewables projects, CCS and energy supply projects

Many studies support the principle of trias energetica, which means that it is important to first give priority to the reduction of energy demand, before deciding on how much to invest in energy supply. After energy demand is determined and plans made to reduce it, the amount of bought or
delivered energy (renewable energy to be given priority) needs to be calculated in order to determine the investment in energy supply that is justified. Finally, any remaining fossil energy needs to be made as effective as possible.

It is also important to remember that investments in energy demand reduction (energy savings) generally cost about one-half the cost per kWh of producing new electricity or heat.

Such principles as these need to be taken into account by EIB in its planning. While EE projects are currently receiving about the same amount of EIB resources as RES projects, there still seems to be a strong bias toward energy supply. CCS and shale gas projects need to be subject to very careful environmental impact assessments before considering them on a long-term basis.

**Intermediary banks and clearing houses for aggregating small EE projects into large ones**

The EIB should consider providing default guarantees to intermediary banks to increase their interest in the building sector. The EIB should also consider financing clearing houses that select EE projects for intermediary banks, as well as special ESCOs that provide all services necessary for deep or comprehensive renovations.

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