New EIB Energy Policy: A Missed Opportunity

Brussels -- The EU's global leadership on climate change is set to take another blow if the European Investment Bank, the EU house bank and one of the world's largest public lenders, adopts a future energy lending policy as presented yesterday to the public. The draft policy includes weaker standards for lending to coal plants than currently proposed in both the US and Canada.

While the draft policy does tighten lending conditions for all types of fossil fuel projects including coal by introducing Emission Performance Standards (EPS) and asking for full compliance with recent EU Directives (1), the EPS level proposed by the EIB would not achieve the same emissions reductions as the one currently in place in Canada or even that proposed today by President Barack Obama to apply for the US. (2)

Also worryingly "an EPS exception" is set out in the policy for cases in which "a plant contributes to the security of supply" within the EU or when "it contributes to poverty alleviation and economic development" outside of the EU.

Here the draft policy reflects the contradiction of EU policy objectives on energy security, sustainable development and climate change and raises fears that coal projects might sneak in for financing from the EIB despite the tightening of criteria.

At the same time this incoherence means that virtually all forms of energy could be eligible for EIB financing, from new forms of renewable energy generation to coal, with the bank explicitly opening the door for risky investments in nuclear energy and shale gas.

"Reading the draft energy policy proposed by the EIB, I was left to wonder whether the bank has grasped the full extent of the evidence provided by climate science," comments Bankwatch's EIB coordinator Anna Roggenbuck. "Not only does the bank plan to continue investing in fossil fuels including coal, it is also actively encouraging the development of unconventional fossil fuels."

"The proposed draft would allow the EIB to finance new coal units Rybnik in Poland or the Stanari lignite plant in Bosnia and Herzegovina and potentially other similar projects around the Balkans," adds Roggenbuck. "This is absolutely not the type of projects the bank of the European Union should be endorsing if it is to further the EU's long term climate objectives."

“We think that by wanting to invest in all these kinds of energy sources – from nuclear to coal and to renewables – the bank is stretching itself thin,” says Bankwatch energy campaigner Kuba Gogolewski.

“One good aspect of the new policy is that it lends its weight behind the EU’s Energy Performance for Buildings Directive, which means that it intends to direct more resources towards energy efficiency projects,” continued Gogolewski. “Yet with all these areas of energy lending to divide itself among, it is unclear how the bank will be able to focus on new renewables and energy efficiency, the only two sectors that can bring resilience to countries around the world. Just in 2012, we saw that the bank dropped its lending to renewables, a sign that the bank must make a serious effort not to drop the ball on clean energy.”

The board of directors of the bank will discuss the policy with a goal to approve it on 23 July. CEE Bankwatch Network and Counter Balance call on the Commission, member states and the EIB itself to use this time to close all loopholes left by the bank when it comes to coal lending especially, as well as to heighten ambitions when it comes to Emission Performance Standards.

“The next month should also constitute a reflection period for all those involved in decisions over the EIB’s lending as to whether public financing of lignite, shale gas and oil pipelines via the EIB are what Europe, which wants to lead on climate change, should be doing,” says Counter Balance coordinator Berber Verpoest. “The draft on the table today is a shift away from the sustainable investments we need and a huge disappointment for anybody hoping the EU is willing to take the lead in tackling climate change."

Next week, CEE Bankwatch Network and Counter Balance are organising an on line conference call with media to analyse in depth the future EIB energy policy and its implications for the current EBRD energy policy review as well as for the European energy sector in general. If you are interested in joining, please email claudia.ciobanu@bankwatch.org. Invitations will be sent Monday.

Notes for the editors:

(1) The EIB is tightening its lending to coal by:

a. Introducing an Emission Performance Standard at plant level for all fossil fuel plants financed by the bank, standing at 550 gCO2/kWh

b. Including in assessments of projects a carbon price calculation that would take into account other air pollutants (NOx, SO_2)

c. Asking that all financed projects, not just the ones in EU, comply with the requirements of the EU's Industrial Emissions Directive, Large Combustion Plant Directive, ETS directive and CCS Directive.

(2) In August 2012, Canada introduced an EPS level of 420gCO_2/kWh. In a plan of the Obama administration published today, the Environmental Protection Agency (EPA) is set to introduce a performance standard of 440 CO_2/kWh, at the same level as standards in place in the UK.

(3) Read more about energy review processes at the two European public banks (the European Investment Bank and the European Bank for Reconstruction and Development): http://bankwatch.org/campaign/energy-lending

(4) Read a call from the EU Commissioner Connie Hedegaard for the EIB to diminish its focus on fossil fuel lending: http://www.project-syndicate.org/commentary/ending-fossil-fuel-subsidies-by-connie-hedegaard

(5) More on IFI's involvement in the Balkans in a study published today by Bankwatch, SEE ChangeNet and WWF: http://bankwatch.org/news-media/for-journalists/press-releases/development-banks-energy-investments-jeopardise-ability-ba

(6) See a map of good and bad energy projects financed by the EIB: http://bankwatch.org/EIB-energy-future-past

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