

Low Carbon Bus Programme Update April 2004

1. Introduction

The Low Carbon Bus Programme (LCBP), launched in September 2003, is designed to encourage the early introduction of low carbon buses to help meet the targets of the Government's Powering Future Vehicles (PFV) strategy. The programme is intended to pump-prime the commercialisation of new buses with CO₂ emission that are 30% lower than a conventional new bus.

Initial Expressions of Interest (EOI) for this programme have now been received, and will be assessed by the Energy Saving Trust (EST). Some of the EOIs need further clarification, and EST will be discussing these with the consortia involved.

DfT now expects the Programme to move to grant award stage later in the year after the Programme has received final clearance by the European Commission (EC), as an appropriate State Aid. The need for this clearance follows legal advice from DfT, who are taking the matter forward with the Commission. However, as the Commission in the past has agreed similar programmes, we are confident that agreement should be reached with the Commission later in the year. Nevertheless, the immediate consequence of this requirement is that the next stage of the programme will not commence until final agreement is reached with the Commission.

2. Overview of the Programme

Total funding of £3million, to be administered by EST through TransportEnergy, has been allocated to the Programme. The funding will support consortia of bus operators and manufacturers to deliver and operate demonstration low carbon buses in real operating conditions in order to demonstrate their performance, reliability, operating costs and effectiveness across a range of routes.

The Programme has generated significant interest from various consortia, including bus manufacturers, operators, UK engineering businesses and local authorities. To date, TransportEnergy has received eleven EOIs for pilot demonstrations for a wide range of innovative technologies. A later submission of EOIs is also expected in the second half of 2004, which will also be assessed for funding.

3. LCBP submissions process

EOIs will be assessed against various criteria, including best value for the technology, commercialisation capability and scale of the proposed pilot demonstration. TransportEnergy and DfT will review the EOIs to identify those deemed to offer a capable technology to meet the required 30% reduction in CO₂ from a standard EURO III bus on a specified Bus Test Protocol. The EOIs will then be submitted to the TransportEnergy Advisory Committee (TE-AC) who will make recommendations on successful consortia for the next stage, together with any comments and considerations they deem appropriate. The final closing date for all EOIs to be included in the initial assessment will be the end of July 2004.

Successful consortia from the initial assessment of EOIs will be asked to submit a full project plan with a detailed breakdown of the costs. It is expected that this process will commence in the autumn of 2004. Thereafter, following a final review by the TE-AC, TransportEnergy will notify successful consortia and issue Grant Offer Letters (GOL's) around the end of 2004 early 2005. The GOL's will offer funding as described below from the issue the date of the letter - consortia costs or project-incurred costs may only be covered from the issue date of the GOL under the terms and conditions of the Low Carbon Bus programme.

Levels of funding will be based on a contribution towards the cost difference between a low carbon bus as against a conventional new bus. A capping limit may be applied to each project to ensure that (a) each is affordable within the overall Programme and that (b) the Programme supports the best value for technology across the widest possible range of available new, low carbon technologies.

4. Next steps

DfT will be discuss the State Aids aspects of the Programme with the Commission, and it is anticipated that the Programme will move to grant award stage in the autumn. TransportEnergy will ensure that all interested parties are kept fully informed of progress and any changes to the current Programme plan.

EST will also work closely with each consortium during this period to do everything possible to (a) manage and mitigate risks and (b) expedite this process as smoothly as possible.

5. Further information on the Programme

All enquiries or requests for further information about the status of the Programme or EOIs that have been submitted should in the first instance be made to Stephen Hart, Head of New Vehicle Technology Fund at the TransportEnergy, Energy Saving Trust. shart@est.co.uk. 020 7222 0101