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New £30 million fund for Green Buses

England's bus fleet will be helped to go green thanks to a new £30 million fund to encourage the purchase of low carbon buses.

The fund is part of the Department for Transport's wider strategy to encourage a radical shift to low carbon transport and improve air quality in our cities.

Bus operators and councils will be able to bid for the money which they can then use towards the additional up front cost of buying low carbon buses.

As more low carbon buses are produced and sold, costs will reduce. This will encourage bus technology and will stimulate the market for low carbon buses, an industry in which the UK is a world leader.

Transport Secretary Andrew Adonis said;

"CO2 emissions from buses have increased significantly over the last 10 years. For the sake of our environment and the air quality in our towns and cities it's important to encourage the industry to move towards low carbon models.

"I'm delighted that this is an industry where UK manufacturers are leading the field. Therefore these companies and their employees are well placed to benefit from this initiative.

"Over the next two years we expect this fund to support the purchase of several hundred low carbon buses and, just as importantly, help to stimulate the development of a new green technology industry and help to safeguard up to 900 jobs in bus manufacturing."

Low carbon buses use at least 30 per cent less fuel and emit nearly a third less carbon than an equivalent conventional bus. They therefore have the potential to significantly reduce the impact of road transport on climate change. They will also meet the most stringent air quality emission standards to help improve air quality.

At present, low carbon buses make up just 0.2 per cent of buses on the road today. The fund is intended to put low carbon buses within the reach of as many operators and local authorities as possible throughout England.

Notes to editors

1. A Low Carbon Emission Bus (LCEB) is a bus that is able to achieve the LCEB target for Greenhouse Gas Emissions, which is equivalent to a 30% reduction in its Greenhouse Gas Emissions compared to a current Euro 3 diesel bus of the same total passenger capacity. These buses will all meet the latest air quality standards, delivering at least Euro V EU emission standards.
2. Bus operators and local authorities will be able to bid for funding toward the additional cost of buying a LCEB. The Department will assess the bids against published criteria and will award grant to the winners. This grant will help to meet the upfront cost of the vehicles. This criteria will be published shortly.
3. The fund is also available for very low and zero emission vehicles, such as electric vehicles, and the Department would be interested in receiving bids which covered the demonstrations of such buses in regular use for services.
4. The fund is not intended to pay the full cost of a low carbon bus. The maximum funding per bus will be the difference between the cost of the low carbon bus and the cost of its standard diesel equivalent.
5. The Bus Service Operators Grant (BSOG) was reformed this April so that bus operators will now only receive an increase in their grant if they achieve fuel efficiency improvements. If they achieve at least a six per cent improvement in their fuel efficiency, their BSOG rate will be increased, from first of April 2010, by three per cent. From April 2009, bus operators have received an additional payment of six pence for each kilometre they operate with low carbon buses.
6. The Department will talk to key stakeholders before publishing the details of the competition.

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