



EIB actions for Energy Efficiency in the Urban Sector

Brussels, 17th June 2009

- ✓ Promoting social well-being
- ✓ Minimising adverse environmental impact in all projects
(public consensus)

EIB environmental investment focuses on:

- tackling climate change
- protecting and enhancing biodiversity
- promoting the sustainable use of natural resources & waste management
- improving the quality of life in the urban environment



Preserve, protect and improve the environment,
EIB's "Environmental Statement" on the web

EIB project requirements: the « three pillars »

Eligibility =
consistency with
EU priorities



Technical quality
and economic
soundness



Financial viability
and adequate
security



Comply with procurement and environmental protection regulations

A project assessment with many facets

Corporate Priority Objectives

- Implementing of the Innovation 2010 Initiative (i2i)
- Support for Small & Medium Sized Enterprises
- Development of Trans-European networks (TENs) in the Transport and Energy sectors
- Support of EU Development and Cooperation Policies in Partner Countries
- Environmental sustainability and improvement of the citizens quality of life



A policy-driven Bank



Urban projects can be **traditionally** financed by the EIB through different types of finance contracts:

- Direct loan (one single component), either agreed with a public authority or a concessionaire/operator
- Forming part of a framework loan (multiple components)
- Forming part of a regional development program (complementing EU grants)
- Forming part of a loan given to a private investment fund
- PPP
- Using the new Jessica facility (urban development funds)

Some of these instruments include the assumption of a certain level of risk

- Projects are eligible under the **Sustainable Urban Transport criterion** when tackling the following investments:
 - ✓ **Public urban transport** (e.g suburban rail, metro, tramway, bus, etc. including rolling stock, multi-modal interchanges, mass transport networks integration, green propulsion)
 - ✓ Measures to **reduce the pressure of urban road congestion and pollution** including traffic calming and pedestrian zones, by-passes, urban logistics, other transport safety investments as well as innovative transport systems such as traffic management and other ITS (Intelligent Transport Systems) systems

The sustainable energy financing package Support for the Covenant of Mayors



**EIB loan up to
75% of total cost**

EIB lines of action



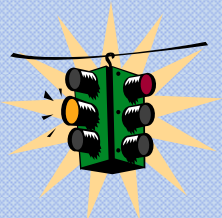
**Energy efficiency
& renewable energy**

**Urban
Actions**

Project development support available !

The Green Paper

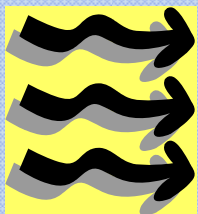
« Towards a new culture for urban mobility »



EIB projects “include the construction, extension or rehabilitation of collective transport infrastructures or the acquisition of rolling stock”.

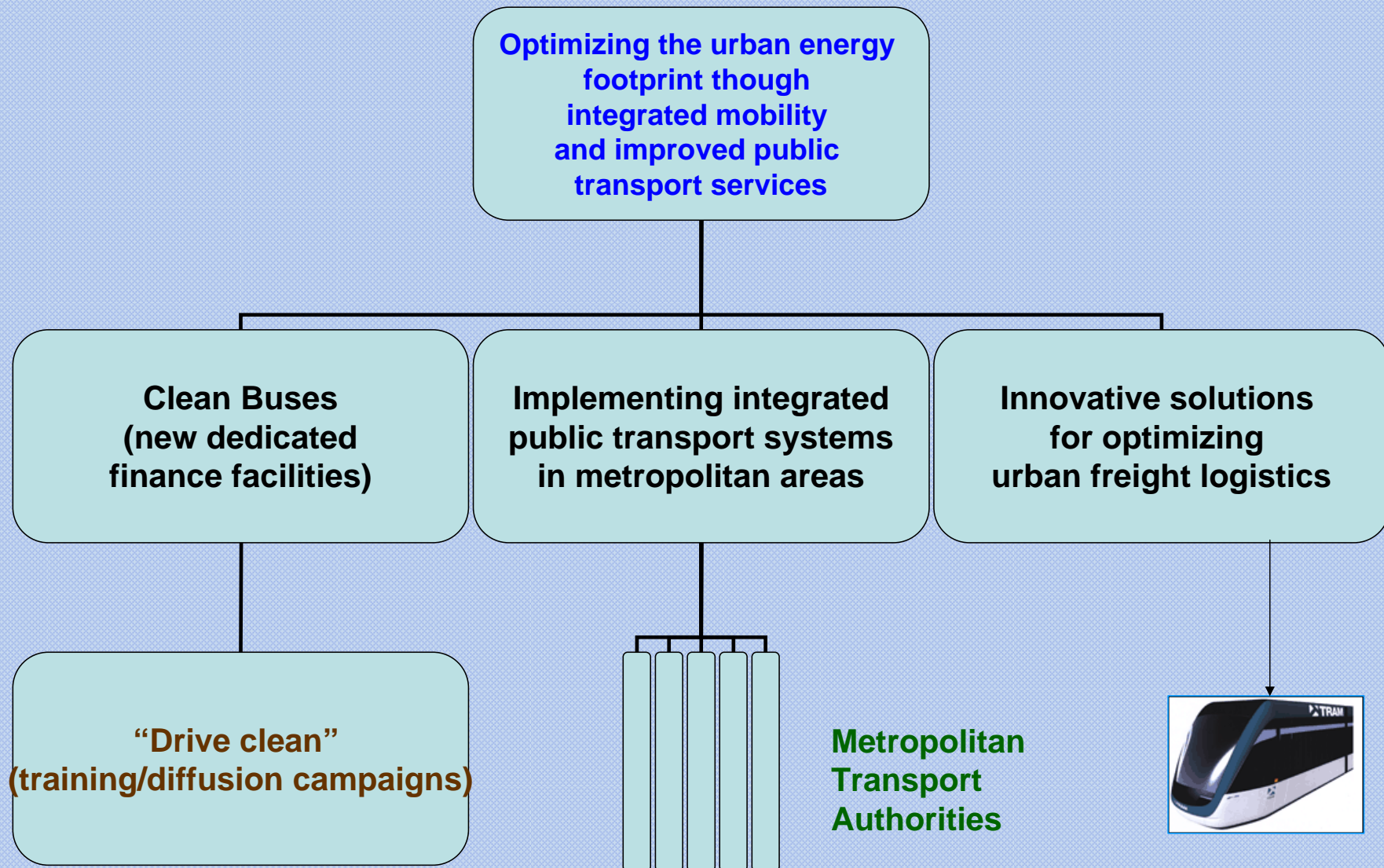


But, this is not all. Urban development (including social housing) in the context of integrated plans (Leipzig Charter) and, in general, urban environment enhancement projects are also eligible for the Bank.



New financial instruments, including higher assumption of risks (both during construction and operation), are being developed.

EIB proposed actions in the field of Urban Transport (under the Covenant of Mayors framework)



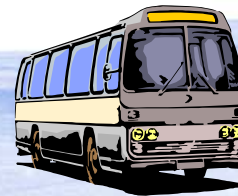


The Bank is currently preparing a new loan facility (using leasing financial principles) oriented to provide advantageous long-term financing to urban transport operators replacing or expanding their bus fleets with new vehicles outperforming existing environmental regulations.

Related issues:

- European label (adherence of the EC)
- Green and/or joint procurement
- Introduction of Euro V and VI standards
- Incentives to R&D (EC framework programs)
- Particular treatment of O&M costs





The high purchase price and O&M costs of this kind of vehicles (e.g. hybrid, electric) and the concerns of operators about their long-term performance, makes many transport authorities reluctant to consider innovative buses for their fleet renewal. However, many of those authorities, show a strong interest in the introduction of cleaner vehicles.

In order to establish an affordable solution, EIB intends to launch a specific detailed study of the technological, institutional and financial scenarios for each of the selected EU transport operator/authority intending to invest in “clean buses”, identifying the barriers to the use of the CFFF, the financial leverage needed to stimulate the renewal of its bus fleet with new vehicles outperforming existing regulations, in particular concerning environmental and energetic performances, and how such leverage could be obtained by the mechanisms proposed by the CFFF.

Advisory Services for the Setup and First Implementation of the CFFF (1):

Part A - General aspects

Task 1: Technical and technology issues

Review of the state of the art of clean buses technologies:

- market offer: major suppliers, technical and environmental characteristics of buses on offer, ongoing new projects
- pros & cons of each technology, in particular concerning level of reliability, purchase cost and operation/maintenance costs.

Task 2: EU standards for buses and CFFF eligibility criteria

Review of the state of the standards regulating production and operation of buses, with particular reference to technical and environmental aspects

- present and foreseen production standards (Euro V, EURO VI, EEV, future standards)
- first proposal of expectations and standards to be met by buses eligible to CFFF, notably in terms of emissions reduction. Analysis of the interest and implications of including other performance requirements (regarding the infrastructure, comfort, adaptation to disabled users, etc.)
- definition of potential EU market.

Task 3: preparation of ToR for further studies

Advisory Services for the Setup and First Implementation of the CFFF (2):

Part B - Implementation of first investment facility (I)

Task 4: Purchase procedures

With reference to the acquisition of clean buses, assistance to the operator/authority in the:

- identification of the typology of buses to purchase
- identification of the main stakeholders at local level to involve in the implementation process (i.e. supply of energy source, specialized maintenance, parts, etc.)
- definition of mechanisms for bus purchase and financing
- identification of available/potential levels of subsidies and mechanisms to obtain them; technical and legal possibilities to integrate EU/national grants for improved financial conditions; potential for fiscal incentives
- preparation of draft tender documents for clean buses provision, in particular regarding the technical annex; verification of the possibility of using the new EU Directive on the procurement of clean road vehicles.

Task 5: Proposed financial solutions for the local CFFF

Proposal of possible solutions for CFFF that can really meet the operator/authority's needs and make the project viable and effective:

- compliance with CFFF eligibility criteria identified at point 2.2
- identification of the best solutions for financing the fleet purchase in the analysed context: leasing, loan, other; quantification of their impact on the operator in terms of purchase and operation & maintenance costs; possibilities for compensation, break even point; solutions for the maintenance and guarantee aspects
- analysis of the various possibilities of using CFFF and estimation of their financial impact
- technical/legal and financial possibilities to integrate national/EU funds in the CFFF
- identification of the best CFFF option and of the most interesting potential partners of the EIB in the structuring of the CFFF
- identification of indicators to evaluate the real impact of CFFF application
- preparation of data and results for the following analysis.

Advisory Services for the Setup and First Implementation of the CFFF (3):

Part B - Implementation of first investment facility (II)

Task 6: Evaluation of Project and results

identification and evaluation of impacts of the case study, market reaction

estimation of indicators identified in task 5.6

conditions for market replication and full scale application, recommendations.

CFFF planned timetable

Identification of interested cities	Before summer 2009
Launching the first study	Summer 2009
Setting up CFFF	December 2009
Implementation	Over 2010
Market acceleration results	Mid 2011