



**To: Directors of the European Investment Bank**

**19 July 2013**

Dear Directors,

In June we wrote to European Investment Bank President Dr Werner Hoyer asking for ambition from the European Investment Bank as it reviewed its current policy for lending to energy projects.

The European Investment Bank's draft document "EIB and Energy: Delivering Growth, Security and Sustainability" is a significant step forward. We are especially pleased to see:

- A continued commitment to supporting the deployment of renewable energy.
- Greater flexibility on how energy efficiency projects are financed.
- Moves to introduce an Emissions Performance Standard, that would screen out the most climate-damaging lignite and coal plant investments.

We ask that the Directors vote to accept this document at the Directors meeting on 23rd July. But we also ask that consideration be given to tightening the following elements:

- To strengthen the Energy Efficiency White list proposals to give specific mention to deeper retrofit programmes where they can be economically justified on the basis of avoided supply-side investments.
- To endorse the introduction of an Emissions Performance Standard but tighten the level to at least 450 gCO<sub>2</sub>/kWh and ideally 350 gCO<sub>2</sub>/kWh in the interests of long-term economic efficiency.
- To discard the island/isolated energy system exemption on the grounds that this is not a necessary or effective way to achieving a broader European single market for energy.

- To discard the peaking plant exemption outright or alternatively tightening conditions to require applicants to demonstrate how the resources operational characteristics address the local or system requirements for flexible capabilities (e.g. ramping abilities, fast-start capability, on-off cycling) that enable reliable system operations in light of expected energy production from variable renewables.
- To amend the contribution to poverty alleviation exemption to ensure that while poverty alleviation remains a critical focus of EIB activities, it is framed around access to energy and not to coal per se delivering growth.

With these additions, there is an opportunity to ensure the European Investment Bank has a world class energy lending policy policy that is fit for purpose in reducing risks of high-carbon lock-in for the EU electricity system.

Yours sincerely,

Steve Waygood, Chief Responsible Investment Officer, Aviva Investors

Jeremy Leggett, Chairman, Carbon Tracker Initiative

Anna Roggenbuck, Campaign Coordinator, CEE Bankwatch Network

Stephen Tindale, Associate Fellow, Centre for European Reform

James Bevan, Chief Investment Officer, CCLA

Nick Mabey Chief Executive Officer, E3G

Garret Tankosić-Kelly , Principal, SEE Change Net

Regine Richter, IFI Campaign Director, Urgewald

Sebastien Godinot, Chief Economist, European Policy Office, WWF