

# Answer to the European Commission's reply regarding The Best Laid Plans

Policy comments | 26 March 2018

1. The EFSI regulation lists seven general objectives (sectors) open to funding:

1. energy
2. transport infrastructure and equipment
3. research, development and innovation
4. small, medium and small mid-cap companies
5. information and telecommunication technology
6. environment and resource efficiency
7. human capital, culture and health.

Each project was assigned to one of the categories reflecting the general objectives to the extent possible in line with categorisation of the European Investment Bank. In each case a final decision about the categorisation was made on the basis of a careful review of the project information available on the Bank's website. Therefore, a category called 'mixed infrastructure' was added to Bankwatch categorisation for operations, usually investment funds, that finance a variety of infrastructural assets and which could not be assigned to any single general objective.

**While the EFSI Steering Board's Strategic Orientation asserts that the EIB classifies each operation in the eligible sectors or areas in a mutually exclusive manner, in reality it often classifies one operation into several sectors.**

In such cases, categorisation for Bankwatch analysis was based on additional research and in a mutually exclusive manner.

Gas and electricity are the elements of the distribution systems and therefore they are not categorised separately. None of the EFSI supported smart

metering projects were categorised as energy efficiency by the European Investment Bank.

**In fact, none of these projects met the EIB's eligibility criteria for energy efficiency projects which are also based on the [Energy Efficiency Directive 2012/27/EC](#). The roll-out of smart meters projects was not recorded by the Bank as the energy efficiency contributing towards the EIB COP climate action indicator.**

Moreover, available reports, such as *Evidence Check: Smart metering of electricity and gas* of the UK House of Commons, Science and Technology Committee, cast doubts over the result of smart meter roll-out. In the United Kingdom, energy consumption reduction of around 2-3% might be expected. The report noted that in other countries studies produced higher results: the European Smart Metering Industry Group suggests savings of around 5-6% to an average of 8.7% with in-home display meters.

As far as installation of the gas smart meters bring some savings in the consumption of gas due to the consumer behavioural change, these savings are not the result of an increased ratio of output of performance to input of energy, and, therefore, are not energy savings in the meaning of the Directive.

2. The EFSI pipeline of projects must be distinct (in comparison to the remaining EIB projects), clearly identifiable and transparent, and pursue the new target of at least 40% of EFSI financing supporting climate action. Thus, it is important to monitor the impact of this requirement on the Bank's standard pipeline, for which the Bank's own 25% target applies. This new requirement will remain nothing more than an accounting trick if it leads to the decrease of the climate finance from the EIB's standard operations.

The EFSI was created in order to support the financing of new, innovative and transformative projects which otherwise would not be financed by the Bank. By utilising its own resources, the EIB is obliged by the Treaty to finance projects for supporting less-developed regions, projects for modernising or

converting undertakings, or for developing fresh activities as well as projects of common interest to several Member States. In every case the Bank may only finance projects which are of such a size or nature that they cannot be entirely financed by the various means available in the individual Member States. Therefore, the justification for the use of EFSI guarantee must surpass a mere compliance with the EU's objective for the security of energy supply. EFSI guaranteed project must demonstrate strong additionality in comparison to projects which are financed by the EIB under the above Treaty requirements.