DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

ENERGY
SECTOR STRATEGY

REPORT ON THE
INVITATION TO THE PUBLIC TO COMMENT

ABBREVIATIONS AND ACRONYMS

BAT	Best Available Technique
CCS	Carbon Capture and Storage
CCU	Carbon Capture and Utilization
CHP	Combined Heat and Power
CIA	Cumulative Impact Assessment
CIS	Commonwealth of Independent States
CO_2	Carbon dioxide
CoO	Country of Operations
CS	Country Strategy
CSO	Civil Society Organisation
EBRD	European Bank for Reconstruction and Development
EHSS	Environmental, Health & Safety and Social
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
EPS	Emissions Performance Standard
ERRA	Energy Regulators Regional Association
ES	Draft Energy Sector Strategy
ESCO	Energy Service Company
ESP	Environmental and Social Policy
ETC	Early Transition Countries
EU ETS	European Union's Emissions Trading System
EU	European Union
EUR	Euro
GDP	Gross Domestic Product
GHG	Greenhouse Gases
HC	Hydrocarbon
ICER	International Confederation of Energy Regulators
IEA	International Energy Agency
IED	Industrial Emissions Directive
IFC	International Finance Corporation
IFI	International Financial Institution
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
LCPD	Large Combustion Plants Directive
LNG	Liquefied Natural Gas
MEDREG	Mediterranean Energy Regulators
MEI	Municipal and Environmental Infrastructure
NGO	Non-Governmental Organization
OCCO	Office of the Chief Compliance Officer
PCM	Project Complaint Mechanism
PIP	Public Information Policy
PSD	Project Summary Document
PV	Photovoltaic
REC	Regional Environmental Centre for Central and Eastern Europe
SEA	Strategic Environmental Assessment
SEI 3	Sustainable Energy Initiative Phase 3
SEI	Sustainable Energy Initiative
SEMED	Southern and Eastern Mediterranean

SRI	Sustainable Resource Initiative
TC	Technical Cooperation
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
US / USA	United States/United States of America
WTO	World Trade Organisation

1. INTRODUCTION

The EBRD periodically prepares Sector Strategies to provide guidance and a set of parameters for its operations in key business sectors. The draft Energy Sector Strategy for the period 2014 to end-2018 was prepared during 2013.

The pre-consultation for EBRD's draft Energy Sector Strategy (the **Strategy** or **ES**) started in 2012 with an *Invitation to Comment on the existing EBRD Energy Operations Policy* published on the EBRD's website between 16 November 2012 and 16 January 2013. EBRD continued to engage with civil society organisations ("CSOs"), governments and industry between December 2012 and April 2013, by holding a brainstorming meeting with a group of CSOs specialising in energy issues, a joint workshop with Chatham House on *Future trends in the energy sector and priorities for EBRD*, as well as a series of bilateral meetings. Discussions were also held at EBRD's annual meetings in May 2013, before the draft Strategy was written and issued for comment.

In accordance with EBRD's Public Information Policy[1] (**PIP**), the Bank launched a formal public consultation to allow all interested stakeholders to comment on the draft Strategy. On 19 July 2013 the draft Strategy was published on EBRD's website in English and Russian. The public was invited to contribute comments on the draft Strategy for a period of more than 60 days, which concluded on 30 September 2013.

Over the course of the public consultation the Bank actively contacted more than 1,000 organisations, seeking comments on the Strategy from a wide range of stakeholders, including companies, CSOs, governments, academia and others. The Bank organised four public meetings in London, Istanbul, Belgrade and Moscow. In total, 121 representatives of various stakeholders participated and provided comments during these four public consultations. Additionally, 83 sets of written comments were received as well as two petitions from *350.org* and the *Price of oil campaign*.

In accordance with the PIP, the Bank compiles a summary of public comments received and staff responses and makes it available to the Board of Directors in a *Report on the Invitation to Comment* before final approval of the Strategy. Following final approval the summary and staff responses are published on the Bank's website.

A comprehensive list of stakeholders who provided comments during the public consultation is presented in Annex 1 as well as a list of those organisations that received funding from EBRD to participate in a consultation event (Annex 2). To ensure confidentiality comments are not attributed to individuals or organisations. The comments are presented below organised into themes.

[1] Available at: www.ebrd.com/downloads/policies/pip/pipe.pdf.

2. PUBLIC COMMENTS AND BANK RESPONSES

Issue	Comment	EBRD response
Better regulation	Does EBRD agree with the existence of a major trend towards more active government intervention in the energy sector? Is this a transitional phase from which we will emerge with the establishment of lower carbon generation or is it a permanent feature of the landscape and how is this addressed in the ES (Draft Energy Sector Strategy)?	Due to the nature of the energy sector, government and regulatory involvement is inevitably extensive and persistent. In this context EBRD promotes independent, strong regulators and the use of market based solutions, rather than direct ad hoc government intervention. The Bank promotes this in a number of ways, including: (1) Project selection – EBRD avoids projects that are implemented under distortionary regulation or in a poor regulatory environment; (2) EBRD supports regulation that prices environmental externalities properly; (3) EBRD provides technical assistance and undertakes policy dialogue to implement regulatory frameworks that have structural features that to the extent possible entrench independent regulation (see further below).
Better regulation	Does EBRD agree that there is a fundamental political economy challenge in ensuring that regulation is strong and independent, especially in areas or countries with a relatively higher level of state involvement?	EBRD certainly recognises that this is a challenging area. At a practical level one can identify certain institutional characteristics which encourage a higher degree of regulatory independence. These are for example independent funding sources and independent nomination of boards and chairmen. Although the Bank is aware that even where these structural features are present independent regulators can be subject to political pressure, the Bank works with regulators and bodies such as the International Confederation of Energy Regulators to promote frameworks with these features.
Better regulation	Strong independent regulation points could be strengthened, functioning as an overarching principle in the ES.	EBRD sees strong independent regulation as crucial for the proper functioning of the energy market and this is a theme which recurs in the ES since it underpins many of the other goals at which the ES aims.
Better regulation	Are there any steps envisaged to improve the regulatory framework and legislation in each country of operation (CoO) so that it corresponds to the Bank's country strategy (CS)? Working on technical assistance to improve local regulatory frameworks and legislation in parallel to financing projects would benefit investment and commercial activity in individual countries.	The steps that EBRD takes to improve regulation are varied but may include general policy dialogue, conducted at national and supranational (for example working with organisations such as ICER, ERRA and MEDREG levels, and technical cooperation (TC) projects to target specific issues. Promoting regulatory best practice is also one of the initiatives that the Bank seeks to pursue over the strategy period (Section 5.9). Support in the past has involved a wide range of areas including strengthening environmental legislation and strategic environmental planning, reviews of tariff methodologies or regulatory frameworks to improve competition in the energy sector. Particular goals for a given CoO are typically set out in the Country Strategy (CS) for that country and are based on the specific transition challenges EBRD identifies.
Better regulation	The Bank should actively pursue a policy dialogue to promote transparent and stable regulation in its engagement with national governments and other stakeholders. The Bank rightly acknowledges that this is a prerequisite for investor confidence.	
Better regulation	The ES mentions support for regulators' best practices and frameworks. These should not only be finance related mechanisms, but should also include support for strategic planning, environmental planning and planning regulations.	
Better regulation	EBRD CoOs often lack efficient regulatory tools for supervising or enforcing environmental and social regulations. How does the ES address this?	The ES identifies the gap between best practice in environmental and social areas and the standards applied in many CoOs as a key area for EBRD's work. In terms of improving regulatory capacity EBRD uses policy dialogue and TC to strengthen

Issue	Comment	EBRD response
		both standards and their implementation. For example, the Bank is currently working with the Mongolian government to build its capacity in monitoring and managing impacts on biodiversity in the Gobi. These efforts bring direct improvement in the regulatory systems in these countries. In addition the Bank, as part of its agreements with its clients, requires actions to bring environmental and social performance into line with international standards. The Bank actively monitors the performance of the clients against these commitments. Please also refer to the answer above and to Section 5.9 of the ES.
Better regulation	The ES includes a brief reference to transparency in energy markets and to building deep and liquid markets. More details would be welcome in the ES in this regard. In Turkey, the energy market is in a restructuring phase and is highly dependent on regulation. Does EBRD have any concrete examples of projects on building liquidity and providing transparency in energy markets?	The ES has been revised to explain in some more detail what this entails. In terms of specific examples, EBRD has a variety of tools to support initiatives and projects that affect the development of energy markets. EBRD has promoted cross border infrastructure such as the development of transmission lines between Macedonia and Bulgaria, and between Romania and Hungary, as well as the commercial development of system operators. EBRD also promotes cross border trading through regional initiatives and platforms that facilitate energy trading, such as the Coordinated Auction Office for energy trading in south eastern Europe.
Better regulation	EBRD should support the liberalization and unbundling of the natural gas supply and transmission markets in Turkey, and help Turkish authorities to implement the natural gas law.	One of the Bank's key transition challenges in Turkey, as outlined in the Country Strategy, is private sector participation, sustainability and efficiency in the energy sectors. As outlined in Section 5.11.2 of the ES, further liberalisation of energy markets is a priority area in a number of EBRD countries of operations.
Better regulation	Does EBRD plan to finance any project in Turkey or in the region to further promote liberalized energy markets?	
Better regulation	Does EBRD plan any project which ensures the coordination of energy and natural gas trading (i.e. energy exchanges) in Turkey or in the region?	EBRD is not actively working on a specific project to support an energy exchange in Turkey or the surrounding region but has discussed such projects in the past and remains open to supporting them in the future.
Better regulation	EBRD's ArmSEFF programme currently does not have a sub-component devoted to working with the Government in order to make regulatory frameworks more flexible and promote implementation of energy projects in Armenia. Can you dedicate some of the funds to the improvement of regulatory and normative frameworks?	EBRD main focus in promoting the regulatory framework for sustainable energy in Armenia is working with the government and other IFIs to develop an investment plan for Armenia under the Scaling Up Renewable Energy Programme (https://www.climateinvestmentfunds.org/cif/node/67) which, when implemented, should catalyse an improved environment for sustainable energy projects.
Better regulation	The Bank must resist supporting projects that are fundamentally uneconomic. The EBRD must ask itself if it is in a country's best interest to offer attractive feed-in tariffs. In this respect, the Bank is right to focus on ensuring clear, objective and predictable regulation as the basis for attracting third party (private) investors.	As outlined in Section 5.5.1, the Bank will continue its strong support for the deployment of renewable energy throughout its CoOs, and combine those investments with policy dialogue and TC to initiate and strengthen regulatory frameworks. As the ES recognises, it is a challenging task to identify the best support mechanism for renewable energy in each specific context. The overall goal will be the

Issue	Comment	EBRD response
		integration of renewable energy with conventional energy so that each energy source participates in the energy market on as similar terms as possible. Until energy markets reach this stage feed-in tariffs may be an appropriate short term option in some circumstances, with the introduction of more market based solutions over time.
Better regulation	How does EBRD envisage collaboration with the local regulators? How can energy companies participate in this process?	The Bank will continue to expand its cooperation with national regulators and international and regional associations of electricity and gas regulators. They will involve companies in workshops that they may jointly organise and the Bank always welcomes views from clients and industry on regulatory issues.
Better Regulation	EBRD should engage with regulatory frameworks to ensure that countries have the laws in place to allow the development of new pipelines and new infrastructure whilst considering wildlife issues and international best practice.	For its own projects, the Bank ensures strict adherence to the Environmental and Social Policy (ESP) which in turn requires compliance with best international practice. More broadly, where appropriate the Bank supports governments through targeted technical assistance in strengthening domestic legislation in relation to environmental and social issues.
Biodiversity	EBRD should explicitly commit to protecting and enhancing biodiversity and ecosystems in its ES. It should be translated into a commitment to ensure that CoOs put in place a legal framework establishing sustainable planning mechanism for each type of energy development, including "no-go" areas – in particular for hydropower development. These issues are completely neglected in the ES. In particular, the fact that environmental issues are treated separately in the EBRD Environmental and Social Policy (ESP) is not an adequate answer: for example the highly sensitive hydropower issue is not even mentioned in the ESP, despite a need to address it specifically. The EBRD should correct this huge omission and rebalance its proposal, taking into account its commitment for protecting and enhancing biodiversity and ecosystems, which deliver huge services to human societies. The EBRD correctly commits to supporting a fairer price for energy, including externalities: negative impacts on ecosystems are one of these externalities and must not be forgotten. The EBRD should ensure that CoOs put in place a legal framework establishing sustainable planning mechanisms for each type of energy development, including "no go" areas - in particular for hydropower. This should include small-scale hydropower, which can also have important detrimental effects on ecosystems.	The ES confirms (see in particular Section 5.7.1) the importance to the Bank of supporting its countries of operations in achieving the highest environmental, health and safety and social standards. This is identified as one of the main goals of the ES. The Bank's ESP sets out its approach to the assessment and mitigation of environmental, social and health and safety risks associated with all its projects across all sectors. Accordingly this detail is captured here rather than in individual sector strategies. The ESP includes clear requirements for all projects, including hydropower, to comply with local legislation, EU legislation and good international practice. The ES has been amended to highlight this. Specifically, biodiversity issues are fully addressed in Performance Requirement 6 in the ESP and these requirements apply to all hydropower developments, irrespective of size. In regard to local regulatory systems, the Bank is actively pursuing policy dialogue with governments across the region on a range of matters. Where appropriate this includes strengthening gaps identified in local regulatory frameworks. In relation to "no go" areas please see answer below under *Sensitive Regions*.
Biomass / biogas	The ES focuses on renewables, but it lacks specific emphasis on biomass and biogas technologies. More emphasis should be put on bioenergy development.	The ES has been revised to highlight further the role of bioenergy. EBRD's engagement to date has been limited because of the small size of many such projects, which may make them unsuitable for direct EBRD lending, although EBRD has financed a number of these projects under its SEFF programme or framework facilities.

Issue	Comment	EBRD response
		For all bioenergy projects sustainability of the feedstock supply, especially if it relates to biomass, is key for EBRD and will be carefully assessed.
Biomass / biogas	The ES lacks information about the generation of heat from bioenergy. Combined Heat and Power (CHP) could be more efficient than using bioenergy in electricity generation. The ES should also mention bio-methane, another environmentally friendly resource.	Please see responses above. Amendments have been made in the ES.
Biomass / biogas	Current legislative frameworks are often a barrier for developing the bioenergy sector, e.g. in Ukraine. The Bank should consider supporting the improvement of regulatory frameworks for this sub-sector.	EBRD has supported governments in Ukraine, Kazakhstan and the Western Balkans with their renewable energy legislation, in particular setting up support mechanisms and developing secondary legislation. The Bank intends to continue this work.
Biomass / biogas	When EBRD plans to finance large scale biomass projects, it should consider the impact of biomass usage on the region, on the country and the related climate risks.	The Bank's ESP, and in particular Performance Requirement 1, details the project appraisal process which includes impact assessment works such as those mentioned here.
Capacity building	Does the Bank support student research programmes, scholarships or capacity building at universities?	The Bank does not offer support to academia and student scholarship programmes as the funds made available to the EBRD by its shareholders are generally specifically directed to support investment projects, or the related regulatory frameworks in the Bank's CoOs.
Capacity building	The energy industry is aging and not attractive enough for young people. There is a role for the EBRD in helping CoOs develop a system for attracting people into the sector, and training professionals which will develop market transition type of regimes.	Energy companies are typically amongst the largest and most high profile companies in any country. The ES identifies a key transition goal as ensuring that human, as well as natural, capital is maximised and so in its projects the Bank promotes skill enhancement and dispersion. As a central part of this agenda, in April 2013 the Bank adopted a Gender Strategy Initiative which sets out an approach and a set of operational tools to identify and address gender gaps in the Bank's countries of operations. In the energy sector the Bank has already engaged in projects with some very large energy companies to eliminate gender bias and promote best practice in their management of human resources through HR policies. Projects such as these should in turn increase the participation of women in the engineering and related roles that are so important in the energy sector.
Capacity building	EBRD should encourage the education of qualified engineering staff in the CoOs. This would help boost job creation for local professionals who could undertake infrastructure maintenance activities, such as PV (Photovoltaic) maintenance and installation of other renewables technologies.	
Capacity building	Will EBRD finance educational programs for energy efficiency in the Balkans? Such programs would allow the population to be trained, increasing the knowledge on energy efficiency and potentially leading to more project proponents in the energy efficiency sector.	In general EBRD does not fund major publicity or public education campaigns, recognising that other actors, particularly governments, are better equipped to carry out this role. However EBRD is currently considering ways to build closer partnerships with CSOs and raise awareness in relation to a particular theme that the Bank is trying to promote through its investment projects, such as energy efficiency, renewable energy, climate adaptation etc.
Capacity Building	In Central Asia, there is a top down approach with governments developing laws and initiatives on renewable energy sources. However, there is no demand from the public for green energy because of a lack of information. There should be more emphasis on promoting green energy to the public and capacity building in the ES.	
Capacity Building	Often Government decision makers lack	EBRD is currently exploring the possibility to

Issue	Comment	EBRD response
	knowledge of basic energy issues, including the role of CSOs in the Western Balkans to deal with the consequences of climate change. Does EBRD plan to support projects and programs in Serbia and other CoOs in the Western Balkans that raise awareness about a sustainable approach to energy? Does EBRD plan to invest in capacity building of main stakeholders both in and outside the energy sector?	expand its partnership with CSOs for awareness raising on the Bank's activities, such as the pilot project in the field of energy efficiency in Montenegro. Please also see answer above.
Carbon capture and storage (CCS)	Gas plants that are being built now have a risk of carbon lock-in and will need CCS in the future. What kind of CCS involvement/investment does EBRD anticipate over the next 5 years?	EBRD's approach to CCS is to apply the requirements of the EU CCS Directive and the Industrial Emissions Directive which demand a CCS assessment and if appropriate CCS readiness for any large fossil-fuelled plants, including gas. The Bank would strongly support any such project were it to materialise. As set out in Sections 5.5.3 and 5.9, EBRD will in the meantime focus on supporting countries in developing CCS enabling frameworks, including regulations for storage and transport.
Carbon capture and storage	How does EBRD account for emission reductions which rely on CCS?	The Bank has not funded any CCS project and has therefore not yet developed a methodology for this. Were it to do so the Bank would follow accepted best international practice in this area.
Carbon capture and storage	We support the Bank's pragmatic approach on low-carbon technology, guided by the natural endowments of countries within its region of operation and the maturity of each technology (p.52). However, the Bank's assessment of CCS appears rather negative, being based on the European experience where projects have not moved ahead as quickly as originally envisaged. The Bank should support the European Commission in its efforts to fulfil the EU's ambition to take a leading role in CCS. The Bank has a role in promoting a CCS infrastructure so that project developers are not each faced with developing the whole chain from capture to storage. We welcome the Bank's proposal to lay the foundations for CCS as part of a long-term perspective on the low-carbon transition.	The ES sets out the Bank's realistic, best estimate of whether or not CCS projects will materialise in the Strategy period in the Bank's countries of operations. However the ES has been revised to note also the possibility that CCS may become commercially viable sooner than expected and to confirm the Bank's strong support for any such project. Within this context the Bank will work to lay the foundations for CCS implementation in the short-term and be ready to finance projects that do materialise in the medium-term.
Carbon capture and storage	The EBRD should not allocate resources for a framework for CCS or CCS development itself. This money is needed for energy efficiency and development of renewable energy resources.	The scale of the low-carbon transition is such that it requires a very wide range of responses, of which energy efficiency and renewable energy are amongst the most important. However CCS may also have a key role to play because of its ability to facilitate low-carbon, reliable baseload generation, which merits spending some resources to lay the foundation for later deployment.
Carbon capture and storage	CCS is still an undeveloped technology, and not only is not economically viable, but the environmental and social impacts are yet neither proven, nor studied enough. In addition, CCS prolongs the path toward a sustainable energy future through supporting use of the finite resources of fossil fuels further. The Bank should direct its funding to more sustainable, environmentally and socially proven technologies such as the renewable energy generation.	
Carbon capture and storage	The strategy should be formulated in consideration of some countries geographical and seismic conditions some of which may not allow application of CCS.	The ES has been amended to reflect this.

Issue	Comment	EBRD response
Carbon capture and storage	Given the urgency of climate change and the need for investment into a resource-efficient, renewables-based economy, there is no space for new coal and lignite fired generation and asking for CCS-readiness as the draft does is not enough, given that CCS technology is very unlikely to become a viable solution for reducing the GHG.	Please refer to responses above, as well as the responses in the *coal* section.
Carbon capture and storage	EBRD could support the funding of research and development joint cooperation projects on CCS between European countries and countries in which EBRD, as the deployment of such technology at commercial scale is obviously critical in reaching climate goals.	The Bank does not fund research or demonstration projects but is directed by its mandate to finance only commercially viable projects.
Carbon capture and storage	A major hurdle in the development of CCS technology is the large scale demonstrator step in the ~200-300 MWe range, between the industrial size (30 MW) and the commercial utility scale > 400 MW. These large scale demonstrators should also be included in the projects supported by the Bank.	
Carbon capture and storage	We would like to suggest that more support should be switched to CCU, which your policy should reflect.	The ES now includes more references to CCU, recognising that where opportunities exist to utilise rather than store CO2, this is an optimal solution.
Carbon markets	Does EBRD promote the reform of the CO2 quota system, the ETS (Emissions Trading System), within Europe?	EBRD is not involved in the process of shaping European Union legislation, including the development of the EU Emissions Trading Scheme. However EBRD's policy dialogue aims at the proper pricing of climate externalities throughout its region. For example it has provided assistance to Governments in various countries, such as in Ukraine and Kazakhstan, to develop local emission trading schemes and mechanisms (see www.ebrdpeter.info).
Carbon markets	With the development of carbon trading, does EBRD see carbon trading schemes as a more effective tool to finance new projects than typical commercial bank financing?	In principle carbon trading schemes, which allow projects to monetise their low carbon characteristics, can be an important source of revenue for sustainable energy projects, which would in turn help them access more finance, including from commercial banks. Currently, as the ES notes, carbon markets do not offer sufficient price levels or certainty to justify significant investments but this picture is expected to change over time and EBRD strongly supports the development of such mechanisms – see also the preceding answer.
Civil Society	How will EBRD involve civil society in the non-EU countries, such as Central Asia or Southern and Eastern Mediterranean (SEMED) countries?	During the consultation period on the draft ES, the Bank contacted and engaged with various organisations across its CoOs, including by organising public consultation meetings in Belgrade, Istanbul and Moscow which were widely publicised. The Bank also provided funding to a number of CSOs to attend those meetings. The list of those funded is annexed to this document and includes several entities from Central Asia and the SEMED region. More generally, for every project it considers, the Bank publishes project summary documents (PSDs) on its website, which are also translated into the local language of the country where the project is
Civil Society	Public participation in Bank's project funding decisions is limited. NGOs have little opportunity to influence decisions made for public projects financed by EBRD, although these decisions do affect the ultimate beneficiary which is civil society. What will EBRD do to enable more public participation? What does EBRD do to provide transparent information about its activities and its decision making process?	

Issue	Comment	EBRD response
		located. The Bank releases PSDs at least 30 calendar days (for private sector projects) and 60 days (for public sector projects) prior to consideration of the project by the Board of Directors (see http://www.ebrd.com/pages/project/psd.shtml). The PSD includes information on how to contact the Bank in relation to those projects. In addition, Performance Requirement 10 of the ESP outlines a specific approach to stakeholder engagement aimed at helping clients to build and maintain constructive relations with their stakeholders, including locally affected communities and civil society organisations. Depending on the project categorisation for environmental and social purposes, EBRD may require its clients to develop a stakeholder engagement plan and to establish a focal point to deal directly with any project specific enquiry. For projects with potentially significant environmental or social impacts (i.e. those categorised A) the Bank proactively seeks civil society comments and engages with CSOs during the due diligence process. EBRD also requires its clients to implement a formal public consultation process for at least 60 (for private projects) or 120 (for public projects) days for these projects. The Bank ensures that organisations that work with the Bank benefit from full confidentiality and can express their concerns and criticism on this basis.
Civil Society	How important is public opinion of and reaction to renewable projects during the project cycle? How does EBRD address public concerns about plans for new hydropower plants?	As described in the preceding answer EBRD places great importance on engaging with the public in relation to all its projects. The process for public engagement is described in the preceding answer. Specifically in relation to hydropower projects, the Bank will typically categorise any large dam (as defined by the International Commission on Large Dams) as Category A, requiring extensive and structured public consultation – see Appendix A and Performance Requirement 10 of the ESP. The EBRD provides responses to public queries and concerns related to its investment projects as well as other issues in accordance with Public Information Policy (PIP).
Civil Society	Does EBRD notify the public when it decides not to pursue funding for a project, for example if the project is in the concept review phase and due diligence has not yet been undertaken?	Typically the Bank keeps preliminary discussions with project promoters confidential and is therefore not able generally to disclose why it declined to participate in any particular project or that it has decided not to continue its engagement with a project.
Civil Society	Increased public awareness can increase public acceptance of investment projects. Is EBRD willing to invest in awareness campaigns?	EBRD has polices in place already to publicise its investments – see answers above. For Category A projects the public consultation process will include extensive steps to make affected stakeholders aware of the project and its potential impacts.
Civil Society	What is EBRD doing to improve accountability and address project complaints?	EBRD has a formal Project Complaint Mechanism (the **PCM**) (http://www.ebrd.com/pages/project/pcm.shtml)

Issue	Comment	EBRD response
		which provides for an independent review of EBRD's compliance with its own policies as well as a problem solving mechanism to resolve project-related complaints. The Bank is in the process of reviewing the PCM Rules of Procedure and will be seeking comments from all interested stakeholders on the new draft Rules of Procedure later in 2013 in line with the PCM Stakeholder Engagement Plan, available at the same link.
Climate Change	Do EBRD projects that are not included as part of the SEI not apply the CO2 reduction target established by the SEI? Will EBRD provide information on the tools used to set the target for CO2 emission reductions for SEI projects? When the SEI is reviewed and a new target is set, CSOs have no tools to assess if such targets are aligned with the global trajectory for CO2 emission reductions.	If a project has a positive CO2 reduction impact, it is considered as part of the Sustainable Energy Initiative (the **SEI**). All of the SEI projects together should reach the target. The target is set on the basis of an analysis of past performance and a judgement on the viability of investments in the forthcoming 3-year period, including pipeline analysis. Targets are not driven by global trajectory considerations which are set at a global scale across all countries and all sectors, whereas the Bank works on discrete projects in a defined set of countries. The targets are based primarily on the ability of the Bank to achieve emissions reductions and its goal of making targeted investments which catalyse systemic changes which in turn promote a lower-carbon model for the energy sector in the Bank's countries of operations.
Climate Change/ SEI 3 (Sustainable Energy Initiative Phase 3)	The SEI does not have any long term emission reduction targets based on climate science and does not account for GHG emission increases from new greenfield plants or life extensions. EBRD should update its carbon accounting methodology to ensure that Scope 3 emissions are taken into account and that the baseline for power plant rehabilitations is the most environmentally acceptable alternative plant, not the current (unsustainable) situation.	Projects developed under the SEI are specifically addressing energy efficiency and climate change. Consequently, SEI projects have positive CO2 mitigation impacts. The results of the SEI are published on an annual basis in a joint report with other MDBs, see http://www.ebrd.com/pages/sector/energyefficiency.shtml. The SEI was implemented in 2006 and has three year targets. To date the cumulative GHG emission reductions under SEI are 56 million tons of CO2e per year. SEI3 has a financing target of EURO 4.5 to 6.5 billion and an annual CO2 emission reduction target of 26 to 32 million tons. See answer above explaining how these targets are set. The EBRD is committed to accounting for the GHG emissions of its direct investment projects. As part of the environmental and social procedures of the EBRD, for any project with expected greenhouse gas emissions of 20.000 tons of CO2e/year or more, the expected annual gross GHG emissions are determined. These data are published in project's environmental reports. The aggregated annual gross GHG emissions of the projects are published yearly in the sustainability report of the EBRD, see http://www.ebrd.com/pages/research/publications/flagships/sustainability.shtml Scope 3 emissions are emissions that represent indirect effects of a project, outside its project boundaries. The EBRD focusses on emissions where its impact can directly be assessed and controlled and consequently does not report on scope 3 emissions.

Issue	Comment	EBRD response
		For the determination of project baselines the EBRD follows the same principles as are developed by the UNFCCC for carbon finance projects, meaning the baseline is determined by a scenario describing the expected situation without the project, not simply the current situation.
Climate Change/ SEI 3	In the past, EBRD has helped the progress of the sustainable energy investments through supporting energy efficiency and renewable energy projects. Unfortunately, some of the funding under this label has gone for supporting the GHG intensive industries or construction of large hydropower dams. We hope that the Bank will learn lessons from the previous mistakes in improving future evaluation prior to financing of projects with debatable environmental and social impacts.	Where the Bank supports a project that it designates as a sustainable energy project it is because it promotes either greater energy efficiency or the use of renewable energy. Given the legacy infrastructure of many of the Bank's countries of operations many significant energy efficiency opportunities arise in the hydrocarbons or fossil fuel sector. Similarly a number of the Bank's countries of operations have considerable untapped hydropower potential as well as existing hydropower plants in need of rehabilitation and modernisation. All projects the Bank supports must comply with the rigorous environmental and social standards set out in the ESP. The Bank is currently in the process of reviewing the ESP and its related Performance Requirements and will seek public views on this process in due course. The EBRD welcomes public input into this process.
Climate Change	The ES seems to focus on the EBRD mandate of transition to open market economies, instead of focussing on the threat of climate change. According to a recent analysis by the Carbon Tracker Initiative, between 60-80% of coal, oil and gas reserves of publicly listed companies are 'unburnable'. EBRD should demonstrate more leadership in prioritising climate change in its ES.	The ES asserts (see Section 4.5) that the goals of a low-carbon economy and the market-based economy are aligned. The Bank promotes a well-functioning market that prices externalities, including the social costs of GHG emissions. In this way the Bank promotes a low-carbon agenda as a central part of its mandate. The ES repeats in a number of places the importance of the low-carbon transition, and of key elements in it such as energy efficiency, cost-reflective pricing and renewable energy. Please also refer to our answer on *Pricing of externalities.*
Climate Change	The ES should explain the Bank's view of the climate trajectory it is following in different regions. EBRD should show its assumptions about future climate commitments for the different CoOs and show how its targets correspond to the needs outlined by the Intergovernmental Panel on Climate Change (IPCC). The Bank should introduce a scientifically-grounded climate target and measures to support CoOs and the private sector to deliver on (anticipated) European Union and international climate commitments. Within its operational approaches EBRD should identify and prioritize those approaches that bring actual decarbonisation results.	The ES explains (see Sections 3.1 and 4.5) that the low-carbon agenda for the EBRD is set fundamentally by the 2 degrees global target endorsed by EBRD's shareholders under the UNFCCC process. The primary basis for the Bank's analysis of the implications of this goal for the energy sector is the IEA 450 Scenario. These provisions set a high level global carbon reduction goal for all sectors. Within this high level goal the Bank's operational approach is to implement discrete projects with potential to cause systemic change. The Bank's goal is not a specific physical outcome but the transition of institutions, regulatory frameworks and markets to a low-carbon model. This reflects both the Bank's mandate and its resources. The Bank's operational approach reflects a prioritisation based on its experience. This explains the prominence given in the ES (see in particular Sections 5.1 and 5.2) to energy efficiency.

Issue	Comment	EBRD response
Climate Change	EBRD investments in replacing coal fired power plants might create a carbon lock-in, which would prevent countries of the Western Balkans to meet the EU climate targets. Can EBRD help the Western Balkans CoOs to reach their energy targets? Will EBRD clearly state in the ES that no energy sector financing in EU accession countries will contravene the 20-20-20 EU goals?	In EU accession countries or parties to the Energy Community Treaty the Bank prioritises support to help them meet their commitments to adopt EU legislation under the Energy Community Treaty or otherwise (Section 5.11). The Bank will not support any project which contravenes a country's domestic law or international commitments.
Climate Change	The ES should clarify that in EU accession countries, projects will be in line with EU 2030 and 2050 climate commitments, otherwise these countries risk ending up with stranded assets and/or unable to meet climate targets.	
Climate change	Section 4.5, low carbon transition, refers to the IEA 450 ppm Scenario as a guide for its climate policy goal. Environmental organizations and the 350 movement believe this is too weak a guide for the Bank's climate policy, as the 450 ppm scenario is only consistent with a 50% chance of meeting the global 2°C goal. This point must be thoroughly analysed and reviewed. All international organisations should work to prevent surpassing the 2 degrees threshold.	The ES aligns EBRD with a consensus position that provides a widely accepted basis for policy formulation. If and when the international consensus on the most appropriate climate goals shifts EBRD will respond and align itself accordingly.
Climate Change	The ES should mention • EU climate and energy obligations and commitments, since half of EBRD CoOs will have to implement them; • that EBRD CoOs are UNFCCC signatories, so they are obliged to assist in a below-2-degree pathway; • International Energy Agency analysis that proven fossil fuel reserves are excessive compared to the global climate target of +2°C and that at least two thirds will need to stay underground; • The requirement to fully decarbonise the energy sector, including in EBRD CoOs.	The ES now includes reference to both the EU commitments and the EBRD countries of operations' endorsement of the UNFCCC target. The ES includes a reference to the IEA 450 Scenario which in turn identifies the future role of fossil fuels in a low-carbon energy sector. The ES also refers to the central role of the energy sector in decarbonisation of economies.
Climate Change	A project should be assessed on the ground of its impact on CO2 emissions and its appropriateness as a complement to power from renewables. It should not be rated on the basis of the electrical energy produced as CO2 is emitted, but by the CO2 emissions over its lifetime and its effect on the necessary transition to a CO2-free energy economy.	EBRD does not rate its energy projects primarily on either their CO2 emissions or their energy production. Rather it rates them on their transition impact: namely the extent to which they promote the transition to a well-functioning market economy, which is necessarily a low-carbon economy. The scale of CO2 emission reductions is valuable in this assessment but EBRD also places significant emphasis on the demonstration effect of the project and its capacity to catalyse similar developments.
Climate resilience	How will EBRD address resilience in infrastructure projects (e.g. gas pipeline on permafrost) and how will it operationalize its approach?	Recognising that some of the impacts of climate change are now inevitable, EBRD is addressing climate change adaptation and incorporating an assessment of climate resilience into its operations, as set out in the SEI 3 and now in the Sustainable Resources Initiative (**SRI**). The Bank has put in place a screening approach that enables investments that are sensitive to climate change to be identified at an early stage of their development. In the case of

Issue	Comment	EBRD response
		power and energy projects, the Bank will include, where relevant, an assessment of the vulnerability to climate change as well as support for clients to understand these issues and benefit from international best practice in integrating climate resilience into energy investment decisions. While to date these approaches have been applied mainly to hydropower investments, the Bank is increasing its focus on implications for thermal power (e.g. cooling water demand) and other energy infrastructure including electricity transmission networks and gas pipelines.
Climate resilience	There are serious problems of and competition for water usage in energy and irrigation, in Central Asia. This is a signal for EBRD and other international institutions to strengthen their influence in the area to avoid conflict in the region.	EBRD looks at water resources on a regional basis, so that development occurs sustainably and does not negatively impact business and biodiversity in those regions. The recently adopted SRI has a particular focus on water usage which highlights the growing importance of this issue for the Bank. In EBRD projects water audits are used, especially in the case of industrial projects, to examine water usage. In Tajikistan for example, EBRD is implementing a project helping the country adapt to climate change, with a focus on water usage.
Coal	EBRD should commit to phase out the funding of any investments in the coal industry, since coal has a profound impact on the climate (and therefore climate change) and because the impacts of the coal industry on health are not being sufficiently assessed.	The Bank recognises the impact of coal-fired power on climate change. The ES confirms that the low-carbon transition requires a transition away from coal and that coal must play a declining role in the energy sector of the future. The ES also recognises that certain countries have no other economically feasible source to meet their needs for heat and electricity. In addition the Bank's countries of operations have a legacy of coal-fired infrastructure that emits very high levels of both GHGs and local pollutants. Consistent with the practice of other IFIs, the ES states that the Bank will not invest in coal fired generation except in rare and exceptional circumstances. A project will need to pass the screening criteria, which are set out in Section 5.6.3. The screening criteria ensure that a coal-fired plant is not supported unless it is the least carbon-intensive of the realistically available options. The Bank will incorporate into its analysis and assessment of the impact of carbon and other emissions, using shadow prices, in order to demonstrate that the investment is economically viable even taking account of emission externalities. Furthermore, the Bank will ensure that it is implemented in accordance with the most demanding technical standards and that where appropriate it is CCS-ready. Overall this approach, which is expected to result in investments in coal-fired generation only in rare and exceptional circumstances, reconciles the imperative of the low-carbon agenda with the specific circumstances of the Bank's countries. In relation to the adoption of an emissions
Coal	If not ruling out coal altogether, the ES should introduce technical criteria that would in effect rule out coal financing. The introduction of such criteria would then later be used to phase out other fossil fuels.	
Coal	Consistent with the best practice at other IFIs, EBRD should adopt a policy that ends support for coal-fired power plants in all but rare circumstances. As part of the revision process, EBRD should seek to capture best practices that have emerged at the other development banks and use them. EBRD should apply the US/Nordic formulation and the provisions for coal financing to critical associated facilities.	
Coal	Technologies which promote a more efficient use of coal should not be supported at state level and by international banks.	
Coal	16.725 signatories have signed a petition stating that a transition to an energy efficient renewables based economy should be a top priority for governments and financial institutions. EBRD's lending power could be a powerful force in this transition. A new ES should eliminate support for fossil fuels starting with coal and should set an emission standard of no more than 350 g of CO2/KWh. While the ES considers support for coal in very limited circumstances, the signatories think that coal is not feasible at all.	
Coal	ES does not make a clear statement against financial support for new coal facilities.	

Issue	Comment	EBRD response
Coal	People in Siberia, where the problem of climate change is very acute, think that EBRD should stop investing in coal processing and coal production.	performance standard please see the following answer.
Coal	The draft outlines a tripartite test. Any new infrastructure must: • be the least carbon-intensive of the realistically available options; • comply with the Industrial Emissions Directive • be capable of retrofitting CCS. For the first test, the word "realistically" is not defined. The second and third tests are also weak. The IED does not regulate greenhouse gas (GHG) emissions. The final document should say that the EBRD will not provide funding for new unabated coal power plants. If that is not possible, due to the internal politics of the Bank, the final draft should say that: • the EBRD will use a shadow carbon price, at a level at least as high as the one used by the EIB in assessing all coal projects; • the EBRD will introduce an Emissions Performance Standard, which is at least as strict as that adopted by the EIB.	
Coal	EBRD should strengthen provisions on coal financing to make them stronger than the best practice at other international financial institutions, consistent with President Obama's commitment under the Climate Action Plan, and in line with the Nordic country commitment. Investment in coal without CCS should only be allowed in the poorest countries, support for coal in "non-poor" countries should be limited to projects that deploy CCS technologies. In its assessment EBRD should consider full life-cycle accounting. All EBRD investment types, as well as associated infrastructure should be covered by the same coal principles. Efficiency improvements which extend the life of the plant and increase lifetime emission should be excluded.	
Coal	Fossil fuels threaten our climate and our future. It would be wrong to build a new approach to this sector because of some exceptional circumstances, such as in the case of Mongolia. EBRD should commit to not financing coal in all cases, and if necessary mention some countries as exceptions in footnotes.	
Coal	The Transition to an energy-efficient, renewables-based economy should be a top priority for governments and financial institutions, and the lending power of the EBRD could be a powerful force in that transition. We demand a new energy strategy that eliminates support for fossil fuels, starting with coal.	
Coal	EBRD should set an Emission Performance Standard (EPS) and shadow carbon price for fossil fuel power plants aligned with the European	EBRD operates in a set of countries that have a very wide range of social, physical and economic circumstances and where under certain

Issue	Comment	EBRD response
	Investment Bank (EIB). The EBRD should apply an EPS of 550 g CO2/kWh and review it every two years. An exemption could potentially apply where the project contributes to security of supply on small isolated energy systems with no feasible energy connection - and only if the four other criteria are successfully met.	circumstances access to alternative kind of fuels for heating and power generation may not be available. Taking account of this context EBRD adopts an approach based on screening criteria, applied on a country by country and project by project basis. The screening criteria are summarised above and set out in Section 5.6.3 of the ES.
Coal	The EBRD should add one crucial criterion to assess fossil fuel power plants: it should apply an EPS set at the initial level of 550 g CO2/kWh for both greenfield projects and plant refurbishment and review it every two years. All projects beyond the cap would be ruled out.	
Coal	EBRD should apply the EIB's EPS instead of using BAT. The EPS approach would be more transparent.	An emissions performance standard is not an alternative to a BAT standard. Rather they are complementary and aim at different objectives. On the more general issue of adoption of an emissions performance standard, please see answer above.
Coal	The Bank needs to immediately halt lending for coal projects involving capacity expansion or lifetime extension. If the Bank insists on restricting coal investments by means of technical criteria rather than coming up with a clear political position, it needs to: • Set criteria which apply to rehabilitations and coal mining projects, not only greenfield coal plants. • State at which level its carbon shadow price will be set and ensure that it is set high enough to make a real difference in project appraisal. • Close the loophole of 'realistically available options' by stating how it will independently and transparently assess such alternatives, rather than just relying on project promoters and governments. • Introduce an emissions performance standard at the level of 350 g CO2/kWh	The Bank's approach is summarised above and set out in Section 5.6.3 of the ES. In relation to the specific comments: • The coal screening criteria apply equally to greenfield and rehabilitation projects. • EBRD will publish the methodology and the shadow prices once these are determined. • The least carbon intensive criteria will be determined by the Bank, using independent advice and drawing on the full range of available information. • See answers above in relation to the adoption of an emissions performance standard.
Coal	It is important for development banks to get involved in coal projects, as otherwise countries without alternative sources of energy would implement coal projects independently, perhaps less successfully.	The Bank recognises that decisions on whether or not to proceed with coal-fired generation projects are complex and challenging because of the different concerns of transition, affordability, energy security and environmental sustainability. The Bank's approach to this issue is set out in detail in Section 5.6.3 of the ES.
Coal	In which scenarios does EBRD anticipate financing coal projects in the future?	The Bank's approach to these issues is set out in detail in Section 5.6.3 of the final ES – please also see answer above.
Coal	EBRD should address coal directly, not just from the climate perspective but also from the perspective of investing public money in technologies that are not supported in all countries. From a climate perspective the issue is investments in new plants.	As set out above the Bank anticipates that it will not invest in coal projects except in rare and exceptional circumstances, which in turn would mean only in few countries with specific physical, economic and social circumstances.
Coal	How much of EBRD coal portfolio is coal greenfield and rehabilitation financing?	Between 2006-2013, coal generation projects constituted less than 6% of the Bank's total

Issue	Comment	EBRD response
		investments in the energy sector, including both greenfield and rehabilitation. One project out of a total of seven was a greenfield investment; the rest were rehabilitation investments.
Coal	Project promoters and governments cannot be trusted to ensure that the least carbon generating alternatives are going to be identified. Who will identify them and how? Would Sostanj qualify as a least carbon intensive option?	The Bank will make a determination of which is the least carbon-intensive of the realistically available options, using independent expert advice and drawing on a variety of inputs and multiple sources of information (including but not limited, to government, civil society, industry, regulators, energy strategies and energy institutes). If the Sostanj project was to be assessed now, it would have to pass the screening criteria. The least carbon intensive criteria will be implemented as part of the overall environmental and economic due diligence the Bank carries out on any such project. It will not be described in the ESP, which is focused on project-specific environmental and social assessment and management.
Coal	The ES states that EBRD will only support a coal project if it is the least carbon intensive of the range options that can realistically meet the energy needs. How does EBRD propose to operationalize this part of the ES and what measures will be introduced? How will this appear within the forthcoming ESP?	
Coal	EBRD should support new coal-fired power plant in the following cases: 1. the new plant is a replacement of aging and inefficient coal-fired existing units, and the generating capacity of the new plant should not exceed the total capacity of the existing units, and, 2. the new plant employs the BAT to reduce as much CO2 as possible by increasing efficiency.	The Bank's approach to coal-fired generation described above will mean that no coal project will be supported unless it is the least carbon intensive of the realistically available options and employs BAT ("best available techniques").
Coal	The impact of thermal power on GHG emissions could be significantly reduced by: • replacing old, inefficient coal-fired plants by more efficient ones • dedicating resources to DeNOx, DeSOx investments of coal-fired plants • repowering former coal-fired plants into gas-fired plants • investing in state of the art Combined Cycle Gas.	EBRD recognises the very significant benefits that can be achieved in reducing local health impacts and GHG emissions through such investments but only provided they also pass the Bank's screening criteria described above. Fuel switching from coal to gas is another key element in the low-carbon transition and therefore a focus for EBRD (see Section 5.6.3 in the ES). Any plant EBRD supports must employ BAT, which in the case of gas would typically entail combined cycle technology.
Coal	Having in mind that most of the countries in South-Eastern Europe are dependent on coal, they will hardly manage to cover their energy demands, at least in the foreseeable future. Does the strategy mean that a project for desulphurization of flue gases in a large coal-fired power plant would not be eligible for financing?	EBRD would only support such a project if it passed the screening criteria described above.
Coal	Given the widening price spread between coal and gas in Europe, coal is gaining importance within our region, particularly in Turkey. How does EBRD support clean coal technologies?	In the rare and exceptional circumstances where the Bank may finance coal projects it will require the use of BAT which in turn results in the cleanest outcomes feasible for coal projects.
Coal	The ES should be neutral towards different power generation technologies. Coal and lignite power plant projects should be assessed against other available options/alternatives, in terms of technology, availability of fuel diversification (i.e. natural gas), technical and economic constraints,	The ES adopts a specific approach for coal because it has significantly higher GHG emissions than any other widely-used fuel source for power generation. In the long-term EBRD promotes the transition to an economy where GHG emissions are priced to reflect their full social cost; in this case then all

Issue	Comment	EBRD response
	social impacts (i.e. contribution of local resources to the economic development of the region), security and affordability of supply.	energy sources would be assessed on a common basis. However currently markets contain significant climate-related externalities and in the light of this market failure the ES sets out a specific approach for coal.
Coal	How much does EBRD intend to spend on coal and on energy efficiency in the next strategy period?	Investments in coal will be rare and exceptional. As outlined in the SEI 3, EBRD targets to invest EUR 4.5-6.5 bn in energy efficiency and renewable energy for the period 2012-2014, and aims to save an expected 26 - 30 MtCO2.
Coal	Technologies, such as methane extraction in mines, which promote the use of coal in a more efficient way, should be supported.	As with other types of unconventionals, the Bank will develop and propose an approach to methane extraction in mines that achieves transition impact, subject to compliance with domestic legislation and the highest international standards as well as the Bank's ESP and its related Performance Requirements.
Coal	The ES does not include information about coal bed methane projects.	
Coal	Is it possible to get financing from EBRD for gasification of coal projects in state owned mines?	EBRD will only support coal mining projects which can bring the mines to compliance with international standards in environmental, health and safety and social management, as outlined in Section 4 of the Mining Operations Policy and in compliance with the ESP, or where this contributes to energy and resource efficiency goals.
Coal	Increasing the efficiency of coal mining and combustion is a poor use of the Bank's resources. The only role for the Bank in this sector is in resolving environmental legacy issues from existing or decommissioned mines or improving health and safety, without supporting capacity expansion.	Resolving legacy environmental issues and improving health and safety in coal mining are key transition goals for the Bank. Given the existing infrastructure of certain of the Bank's countries of operations improving efficiency can also be a key measure in reducing CO2 emissions quickly and cost effectively and so supporting the low-carbon transition.
Coal	Chapter 1.3 (“Scope”) mentions that the Bank will have a strong focus on environmental issues, also for the mining sector. How do you see in the upcoming period a potential development in the coal mining sector, especially in countries where this activity is fundamental for socio-economic aspects? In your opinion, these activities will inevitably have to be converted to another or can be expected realignment with environmental regulations without a negative economic impact for the companies that are currently operating in the mining sector?	The Bank believes all coal mining projects should comply with the most stringent environmental and social standards. When financing coal mining projects, EBRD will require compliance with the ESP and with the Mining Operations Policy. In addition, the Bank will support coal mining projects where they support improved resource efficiency and decreased carbon intensity. In the long-run the Bank believes that the best economic outcome is only compatible with adoption of the highest standards in environmental, social and health and safety standards, which are fundamental to a sustainable, long-term business model.
Coal	How will the Bank apply the criteria introduced for coal in situations where it buys equity in a company constructing coal plants or otherwise indirectly supports such developments through framework loans or financial intermediaries?	Whether the Bank invests into equity or debt, there will always be a defined use of proceeds for the EBRD financing. Therefore any equity investment will fully comply with the coal criteria set out in the ES. Within its SEFFs a clear policy statement defines the use of EBRD financing and restricts financing to renewable and energy efficiency projects only. The Bank will not finance coal-fired power generation through sub-loans to financial intermediaries. Loans to financial intermediaries are covered by the Banks Financial Institutions strategy (http://www.ebrd.com/downloads/policies/sector/financial_2010.pdf).

Issue	Comment	EBRD response
Coal	We urge the EBRD to amend the proposed Energy Sector Strategy to allow for financing and support of developing countries decisions about domestic energy strategy, while ensuring development is carried out in a sustainable manner. Efficiency in coal-fired power plants and carbon capture and storage are two critical technologies that have the potential to reduce carbon emissions substantially. International support is needed to help deploy this advanced technology. Policy support and enabling regulation for cost-effective clean coal technology are the best approaches to improving global access to affordable energy, stimulating economic growth, and spurring job creation. An Energy Policy that supports the development of high-efficiency, low-emission coal-fired power has the potential to meet the dual goals of poverty eradication and economic development through access to electricity and the transition to low carbon economies through carbon emission reductions.	The Bank's approach to coal-fired generation described above recognises that in certain circumstances such investments may have material benefits in CO2 emission reduction. However the ES also recognises that, given the long-term carbon impacts of such projects, these circumstances will only be rare and exceptional.
Coal	In accordance with its mission and recognition above, the EBRD is kindly requested to actively engage to support a wide deployment of highly-efficient coal-fired power generation that can supply the cheapest and most affordable electricity with lower CO2 emissions than conventional coal plants. The sentence "The Bank anticipates that it will provide its financial support for greenfield coal power generation only on limited occasions." seem to fail to pursue achieving the three goals, therefore it should be modified to avoid sending wrong messages to the EBRD's CoOs. The draft strategy should state that the EBRD will remain considerate of each member's country-specific situation by providing reasonable screening criteria, by which it continues to support a wide deployment of highly efficient coal fired power generation. Uniform application of conditionalities such as the world highest-level Carbon Capture and Transport and/or CCS may interfere with development of such member countries, in view of the fact that each member country has its own BAT in accordance with the economic development phase as well as magnitude of electricity demand, etc.	Please see answer above.
Coal	EBRD should take a leadership role in supporting 21st century coal plants to meet both the electricity needs of developing nations and pave a sustainable path to near-zero emissions. EBRD support for construction and operation of new supercritical units in developing nations would be an important step towards the ultimate goal of near zero emissions. These highly efficient plants are a prerequisite for the development of carbon capture, utilization and storage, which itself is broadly recognized as necessary for near zero emissions from coal. We urge the EBRD to reconsider its position on coal.	Please see answer above.

Issue	Comment	EBRD response
Coal	The sentence in the draft that "the Bank anticipates that it will provide its financial support for greenfield coal power generation only on limited occasions" is a clear attempt to make the EBRD appear to be in line with the World Bank and EIB; they have specific policies in this sense, which will provide financial support for greenfield coal power generation projects only in rare circumstances. The EBRD draft only "anticipates" that support for new coal will be limited. This is not a commitment.	The wording of Section 5.6.3 has been revised to make the Bank's commitment clearer.
Coal	Limiting the impact of coal and lignite power plants on the environment shall not be limited to reduced CO2 emissions but also include a capture of all kind of emissions such as SOx, NOx, particulate and mercury while minimizing the negative impact of the emissions control systems on the cost of electricity and on the required operational flexibility.	The Bank's approach to coal projects requires compliance with the Industrial Emissions Directive which strictly limits the emissions of local pollutants such as SO2, NOx and particulate matter.
Coal	What are the stringent criteria for financing coal projects? For example in Kosovo EBRD is considering financing a new lignite/coal fired power plant. This power plant would require a lot of water for cooling, with negative impacts on water availability as there is shortage of ground water.	The Bank's approach to coal projects is summarised above. In all projects, especially thermal power projects, the impact of the project arising from water abstraction, consumption and disposal is carefully assessed as part of the environmental and social due diligence.
Coal	No investment into fossil fuel energy projects — mining or drilling (including fracturing), transportation (e.g. pipelines, coal ports, LNG-terminals), processing (refineries) or fossil energy fuelled power plants should be supported by the EBRD. EBRD's lending guidelines must therefore exclude lending to coal projects thoroughly, i.e. mining, transportation and production of power or heat, including life extending retrofits of coal fired power plants.	Specifically in relation to coal please see answer above setting out the Bank's approach and the rationale for it. More generally in relation to investments in other fossil fuels such as gas, the Bank recognises that these will play a substantial role in the energy sector of the future, including in providing backup capacity for widespread renewables deployment, and that it is essential to engage in this sector in order to achieve the Bank's transition goals.
Coal – shadow price of carbon	It is welcome that the EBRD commits to incorporate into its assessment a shadow carbon price, but it falls short in providing specific elements on the mechanism.	The wording of this section has been amended in the ES to make it clear that this process is intended to use a comprehensive analysis of all aspects of a proposed coal project, which allows for a clear assessment of the merits of the project when externalities are taken into account. EBRD is preparing a methodology setting out how it will carry out this analysis, drawing on the practice of other IFIs in this area. This methodology will account for health impacts and GHG emissions as well as attributing values to characteristics such as intermittency. The Bank will publish this methodology, when it is completed, which is expected to be in 1H 2014.
Coal – shadow price of carbon	The draft says that "the Bank will incorporate into its analysis an assessment of the impact of a shadow price of carbon on the sustainability of the investment". This falls far short of a commitment to use a shadow carbon price, and gives no indication of what the shadow price would be if it was used. The meaning of "sustainability" in this sentence is not defined.	
Coal – shadow price of carbon	In the case of replacement projects in the coal and lignite sector, what cost assumptions are used? How do you quantify externalities and which are the costs used to calculate them? Can EBRD share the model used to project GHG emissions, energy efficiency, and other elements enabling CO2 emission reductions. Which kind of assumption does EBRD use to account for intermittency? How does the Bank calculate the backup required for windfarms?	

Issue	Comment	EBRD response
Coal – shadow price of carbon	ES should include more detail on shadow price of carbon and a specific methodology to account for externalities.	
Coal – shadow price of carbon	Lignite or coal-fired power plant projects create externalities, including reducing energy affordability, healthcare costs, pollution, and biodiversity damage. These should be taken into account by the Bank.	The ESP requires that all projects be structured to be in compliance with local and EU standards in terms of emissions and discharges and impacts to environmental media including biodiversity. Where necessary, technical upgrade works will be required to bring projects to those standards and therefore some costs will be internalised. In addition, where deemed necessary, the Bank will assess the health impact as part of the project appraisal process. For example, EBRD has carried a health impact assessment for a recent equity investment project in Russia. See answer above in relation to the incorporation of the costs of health impacts into the Bank's analysis.
Coal – shadow price of carbon	It would be useful to have a methodology published on how health costs are included in the due diligence for coal projects.	
Coal – shadow price of carbon	EBRD should set a shadow price of carbon and high standards before public consultation. In EU accession countries, the Bank's target should be full carbon neutrality by 2050.	The Bank will publish the methodology and the shadow prices it will use in its evaluation of coal projects, once these are determined.
Coal – shadow price of carbon	The Bank proposes to incorporate a shadow carbon price in its analysis of energy-sector investments (p.59). We call on the Bank to use a global carbon price in its assessments. By using a carbon price that realistically reflects the value of carbon in the global context, the Bank can be sure that it is not jeopardizing the economies of, for example, Central and Eastern Europe.	
Coal – shadow price of carbon	We urge the EBRD to adopt a shadow carbon price at the same level as the EIB's.	
Coal – shadow price of carbon	The shadow carbon price should start at 28 €/ton of CO2 in 2013, rising one euro a year to reach 45 €/t of CO2 in 2030.	
Coal – shadow price of carbon	A shadow price of CO2 is a much better criterion than an emissions performance standard when, fossil fuel fired power generation projects should be considered for funding. With typical actual (2013) fuel prices in Europe, and a price of CO2 of at least 45 Euro per MWh, power from gas would be more economical than power from coal. Thus, to be consistent with an EPS which should rule out coal fired power generation, a shadow price should be at least 45 Euro per ton. When implementing and applying a CO2-shadow price, the CO2-pricing scenario should not only be applied to the project itself but should equally be assumed to be implemented in the energy-economic environment. It should be required that there is a sound plan to implement a real CO2 price which needs to be in line with the shadow price in the political economic environment of the project examined.	
Combined Heat and Power	The ES does not focus on CHP. CHP is the most feasible way to produce electricity and heat. EBRD should prioritise investments in CHP, at least for greenfield projects.	The Bank agrees that in many of the Bank's CoOs, heat in the form of steam or hot water for residential use forms a key part of the energy sector. CHP technologies can achieve overall efficiency levels

Issue	Comment	EBRD response
		far above those that can be achieved through separate generation. The Bank will invest in CHP rehabilitation and replacement projects as outlined in the ES.
Combined Heat and Power	The indication that EBRD will continue to provide finance for CHP and district heating, including the upgrading of existing district heating systems is welcome.	Comment noted.
Decentralized energy	We agree with ES recognition on the role of decentralized energy for inclusiveness and affordability.	Comment noted.
Decentralized energy	Solar PV projects in areas without electricity grid can address diesel shortages and energy affordability problems. Will EBRD invest in decentralized renewable energy production in areas where there is no electricity grid?	Almost all of EBRD's countries of operations have very high rates of electrification. Accordingly there is limited need for off-grid generation and where it does arise this is typically very small scale. EBRD may however finance off-grid renewables indirectly through its Sustainable Energy Financing Facilities.
Decommissioning	The ES does not mention the possibility for the Bank to support or finance projects for dismantling old generation power plants: does it mean that EBRD is not supporting this kind of projects, even in case of important amelioration in terms of environmental impacts?	The Bank attributes significant transition value to the decommissioning of old, polluting power plants. Where commercially viable and where this achieves transition impact, for example through higher environmental standards, the Bank will also support dismantling of old generation plants.
Decommissioning	In Russia, decommissioning or replacement of former generation facilities is often neglected when constructing new generation facilities. EBRD should be mindful about decommissioning and replacement of existing capacity in its renewable energy investments.	
EBRD financing	From the Strategy, it is difficult to understand what the future loan decisions of the EBRD will be in practice and why certain applications for funding for certain highly efficient coal power plants were rejected.	The ES formalises a detailed approach to coal projects which will make it clearer going forward which projects the Bank may finance and which it will not. In relation to past projects, the Bank typically keeps preliminary discussions with project promoters confidential and is therefore not able generally to disclose why it declined to participate in any particular project.
EBRD financing	The ES shows that while Turkey receives 6% of energy sector financing, total funds dedicated to TC projects amount only to 1% of total TC financing. Will EBRD increase its investment in TC projects in Turkey and in its CoOs?	Considering that Turkey is a relative recent CoO (since 2009), ERBD has already used a significant amount of TC funding. Apart from the energy sector, additional TC projects have been undertaken within the framework of the Sustainable Energy Financing Facilities, which are not included in this graph. These technical assistance projects include the development of a renewable energy action plan with the Government as well as studies on geothermal, biomass and waste-to-energy potential.
EBRD financing	Will EBRD create opportunities for collaboration with the Covenant of Mayors and municipalities that have already committed themselves to reduce CO2 emissions?	The Bank has dedicated TC funding to support municipalities in its EU countries of operation in preparing and implementing sustainable energy investment programmes. The technical assistance will focus on energy efficiency investment programmes in the area of: (i) buildings, (ii) district heating networks, (iii) urban transport, (iv) local infrastructure and (v) general utilities infrastructure. The funding is expected to mobilize more than EUR 100 million of investments for sustainable energy by the end of 2017. Although this funding is not

Issue	Comment	EBRD response
		exclusive to signatories of the Covenant of Mayors, the Bank is very open to working with cities within the Covenant of Mayors network, as the typical energy efficiency and climate change focus of investments in these cities is aligned with the Bank's strategy in the municipal sector.
EBRD financing	What part of EBRD financing will be allocated to new project assets? Does EBRD finance land, building and working capital? What are the normal repayment periods and the interest rate for EBRD projects? What is the timeframe required for the financial due diligence, for the preparation and the implementation phase of the project? Does EBRD have any general structure to promote projects? What makes EBRD different from other banks?	EBRD's mandate is to foster transition towards open and democratic market economies. EBRD invests primarily in the private sector, where financing needs cannot be fully met by the market. EBRD finances projects on commercial terms following internationally recognized standards of corporate governance and sustainable development. Please see http://www.ebrd.com/pages/workingwithus.shtml for more details.
EBRD financing	Can EBRD mobilize grant funding or other types of assistance to help undertake CIA (Cumulative Impact Assessment) which most individual investors are not able to finance on their own (e.g. for a project on a river cascade)?	The current ESP has requirements around CIAs embedded in the due diligence processes. The currently on-going revision of the ESP will also address this topic. Generally it is the responsibility of the project promoter to carry out environmental assessment for each project, which is then reviewed by the Bank. However the Bank does from time to time use TC funding to support broader studies, such as country-wide strategic environmental assessments.
EBRD financing	EBRD should prioritize projects on a regional basis. For the Western Balkans, their obligations/targets under the Energy Community Treaty by 2020 should be emphasised more in the ES. There should be four major priorities: (1) Promoting a more sustainable legal environment concerning renewables and energy efficiency, especially in dialogue with stakeholders. (2) Supporting decentralized heating including cogeneration. (3) Addressing energy poverty. Energy poverty should not be tackled in the welfare system, but rather through energy efficiency projects. (4) Developing gas infrastructure to phase out coal in the Balkans.	As stated in the Strategy's section on market-enabling regulation, the Bank will expand its cooperation with national and international organisations such as the Energy Community Secretariat and will promote the strengthening of independent regulation and the implementation of market-supporting regulatory frameworks. Specific priorities in each country can be found in EBRD's country strategies. In addition Section 5.11 of the ES states that in Energy Community Treaty Member countries the Bank will prioritise a low carbon transition, unbundling, market coupling and promoting security of supply. This will include continuing the Bank's existing work to promote renewables, energy efficiency and gas market liberalisation.
EBRD financing	What model underlies the ES? Which energy demand and supply projections did EBRD consider in the Balkans? How do energy production and GHG projections evolve in 2020, 2030 and 2050 in this model? Which reference scenario is taken into account by the Bank and what is the impact of EBRD investment on reaching the EU targets?	EBRD uses a granular approach, and looks at projects in a bottom-up, rather than top down approach. Accordingly EBRD does not rely on a single model for the energy sector; rather it focuses on improving institutions, frameworks and market structures. This approach is based on the proposition that a market-based economy, if properly structured and supervised, will deliver the best outcomes with the greatest efficiency. Consequently for each project EBRD identifies how it expects the project to impact on these goals but the focus is on market and institutional improvements rather than physical outcomes. The Bank also periodically prepares for each country of operations a country strategy which sets strategic orientations for the Bank in the energy sector in that country. The Bank defines these strategic orientations by reference to the transition gaps identified for that country.
EBRD financing	Despite having one energy strategy across all CoOs, the Bank should be in a position to show the link between the strategy and its impact in each CoO in terms of CO2 and its effects in the short, medium and long term. The Bank should have a model to calculate final energy consumption in order to undertake an assessment of priority projects.	
EBRD financing	We are deeply concerned that EBRD does not have clear models and scenarios on how its CoOs will achieve the necessary GHG emissions reductions in line with IPCC recommendations, nor on how they	

Issue	Comment	EBRD response
	could manage energy demand and achieve the transformation to energy-efficient, renewable energy-based economies. We urge the EBRD to evaluate all energy projects in the context of the EU 2020 targets, forthcoming 2030 targets and 2050 Roadmaps in order to avoid investing in future stranded assets.	In the case of EU accession countries or parties to the Energy Community Treaty the Bank will not support any project which contravenes a country's domestic law or international commitments.
EBRD financing	EBRD should consider to actively seek, develop and lead projects rather than only consider projects proposed by companies.	EBRD is always a financial investor and therefore does not develop projects on its own.
EBRD financing	Safety of production and quality of implementation is crucial for all projects, along with choosing the right projects to be financed. EBRD should involve several departments into monitoring of project implementation and monitoring should be done on an on-going basis.	EBRD monitors implementation of projects carefully and prepares monitoring reports on a semi-annual or annual basis. This includes monitoring of financial, integrity, regulatory, environmental, transition and social issues.
EBRD financing	Public intervention or financing from investment banks such as the EBRD might be needed to finance or co-finance certain activities, like promoting energy efficiency measures, the upgrade of inefficient equipment and investment into best available technologies but the funding mechanisms should reflect local realities, thus a “one-size-fits-all” approach is not adequate.	EBRD considers local circumstances in its projects and adapts its structures to reflect them. However it is a basic principle of the Bank's ESP that the same environmental, social and health and safety standards are applied across all projects in all countries of operations.
ERBD financing	EBRD should participate only in those 'no regrets' projects which contribute to affordability, security and sustainability at the same time.	ERBD reflects this approach through the emphasis it places on energy efficiency.
EBRD financing	Studying the ES one could come to the conclusion that any state-owned companies are excluded from your financial schemes and only privately-owned companies can apply for your funding.	Although the Bank's main focus is supporting the private sector the Bank finances both public and private companies.
EBRD financing	EBRD is spending too little on projects such as: • Improvement of energy efficiency, particularly in industry, agri-business, services; • Distributed energy generation; • Smart energy systems, including development of smart grids;	The Bank has financed since 2006 EUR 5.6 billion in demand side energy efficiency, including in manufacturing and services, transport, agribusiness, and buildings. The Bank has financed numerous small scale renewable energy projects through its SEFF programs, and directly financed over 25 small-scale (less than EUR 25 million project size) renewable energy projects through direct lending frameworks. The Bank has already financed eight projects for over EUR 390 million of investments especially targeted towards smart infrastructure and smart grids. As outlined in the ES the Bank will continue this focus.
EBRD financing	EBRD should integrate low carbon energy investments into all aspects of the EBRD lending and increase renewable and energy efficiency lending. EBRD should assess all environmental and GHG costs in all its project value analyses and costs should be adjusted upwards for any implicit or explicit fossil fuel subsidy. It should establish specific commitments for energy efficiency and renewable energy and require integrated resource planning. It should set up a Clean Energy Advisory Body.	The SEI integrates an awareness of the low-carbon transition, and tools to implement it, into all aspects of the Bank's lending. See: http://www.ebrd.com/pages/sector/energyefficiency/sei.shtml. This, together with the application of the ESP and the Bank's environmental and social due diligence, results in a clear assessment of the environmental and GHG costs associated with each project. The SEI also includes targets for both sustainable energy investments (namely energy efficiency and

Issue	Comment	EBRD response
		renewable energy) and CO2 emission reductions. The Bank benefits from the guidance of its Environmental and Social Advisory Committee which provides high level direction on environmental issues such as policy, international standards, technical development, emerging trends and future opportunities. See: www.ebrd.com/pages/about/principles/sustainability/policies/advisorycouncil.
EBRD financing	EBRD finances too much coal and hydropower projects and not enough energy efficiency and renewables projects. EBRD projects in the Western Balkans benefit only a small group of people. EBRD invests in large scale projects because they are commercially more attractive than small energy efficiency projects. The downside is that EBRD has many problems with corruption because large scale projects need the approval of high level Government officials. EBRD should invest more in small scale energy efficiency projects.	In the Western Balkans region (Albania, Bosnia and Herzegovina, Kosovo, FYR Macedonia, Montenegro and Serbia),the Bank has established two financing mechanisms specifically to ensure that it can finance more, smaller, renewable and energy efficiency projects: the West Balkans Sustainable Energy Credit Line and the West Balkans Sustainable Energy Direct Financing Facility. The Bank directly financed 11 small scale renewables projects, as well as 129 small sustainable energy projects via its credit lines, in the region between 2006 and 2013. In the same period it financed 16 larger energy sector projects which included over EUR 250 million of dedicated energy efficiency investments.
Energy efficiency	The strategy should make renewables (with the associated enablers – grids, interconnectors), alongside energy efficiency, the centerpiece of its intervention. Having the focus on energy efficiency and renewable energy, the Bank should keep the timeframe of the transition period to low carbon economies as low as possible.	In the ES the Bank places energy efficiency at the heart of its operations in the energy sector, while the SEI mainstreams energy efficiency as a focus in all sectors where the Bank works. The basis for this prioritisation is the importance of energy efficiency in reducing carbon intensity, improving competitiveness and mitigating affordability pressures. Reflecting this, the Bank invested since 2006 over EUR 12.1 billion in sustainable energy investments, an estimated 5.6 billion of this in demand side energy efficiency and 3.7 billion in supply side energy efficiency. In the energy sector the Bank has invested over EUR 3.2 billion in supply side energy efficiency measures, including energy efficiency upgrades of existing generation and CHP plants, gas flaring reduction projects and efficiency upgrades in refineries.
Energy efficiency	The Bank should not follow governments' country-level generation-focused energy planning but should concentrate more on ambitious demand-side energy efficiency and regional-level possibilities.	
Energy efficiency	EBRD only mentions energy efficiency (with energy intensity per unit of GDP as the key indicator), not energy savings. In those countries with a stable population and huge energy waste, the EBRD should put more emphasis on net energy savings leading to a decrease in national energy consumption, which will ease the challenges related to energy capacity.	
Energy efficiency	EBRD should focus on energy demand efficiency and seeking to the extent possible to contribute to decrease energy intensity. The energy efficiency is well addressed in general, but energy efficiency in industry (manufacturing), agri-business and services should be better elaborated, as very important and since it has multiple impacts on society.	
Energy Efficiency	ES should set financing targets for projects related to energy efficiency and renewables. These targets should be subdivided depending on sector: buildings, transport, industry.	The Bank's operational approach, in particular its private sector focus, means that it responds to changing circumstances and demand for its financing. Consequently it does not set sector or country level targets. However the SEI does set overall targets for the period 2012 – 2014 of EUR
Energy Efficiency	The EBRD should set an ambitious financing target for energy efficiency support, with the view that it	

Issue	Comment	EBRD response
	should progressively represent the bulk of energy investments (including energy savings in absolute terms), and put a greater emphasis on deep retrofitting of buildings.	4.5-6.5 bn of investment in energy efficiency and renewable energy and expected emission savings of 26 - 30 MtCO2. The Bank's investment in the energy sector is a key contributor to meeting those targets. In the area of residential, commercial and public buildings, the Bank engages in policy dialogue to improve building codes. It also develops programmes (SEFFs) which combine policy dialogue, grant co-finance, and EBRD finance such as Slovseff (www.slovseff.eu) or REECL (www.reecl.org). These facilities are complex and require substantial donor support. The Bank also actively supports the establishment of private sector ESCOs.
Energy efficiency	How much financing does EBRD intend to dedicate to building retrofit projects? When will more specific information become available on this subject?	
Energy Efficiency	The ES properly prioritizes energy efficiency, but puts supply-side and end-use efficiency approaches on equal footing. For both economic and environmental reasons, it should prioritize end-use efficiency over supply-side approaches. EBRD should: (i) help CoOs develop regulatory regimes that incentivize utilities to help customers improve end use efficiency, (ii) develop modalities for aggregating small scale projects, (iii) develop a dedicated facility for supporting end-use efficiency improvements and (iv) create a household energy team.	The Bank recognises the importance of increasing demand-side energy efficiency and accordingly the SEI applies an energy efficiency approach across all sectors of the economy, In relation to the specific comments: (i) As outlined in the Strategy, the Bank will work with utilities, regulators and governments to promote such frameworks and also continue to promote end-use efficiency measures such as appliance labelling. In Russia, for example the Bank has worked with the Association of European Businesses to launch Russia's first voluntary energy efficiency endorsement label. (ii) and (iii) The Bank works through local banks using Sustainable Energy Financing Facilities (**SEFFs**) to reach indirectly large numbers of small projects which could not realistically be financed by the Bank directly. (iv) Specific expertise relating to household energy efficiency and investment exists in the Energy Efficiency and Climate Change and the Financial Institutions teams.
Energy Efficiency	From 2006 to 2012 in the Western Balkans, 48% of all EBRD financing was spent on fossil fuels, 14 % on transmission, 23% on large hydro, and just 12% on energy efficiency which is the most effective. EBRD should dedicate 50% of its energy investments to energy efficiency.	In relation to the Bank's general commitment to energy efficiency please see above. In relation to the Bank's investments in the Western Balkans, the Bank has since 2006 invested over EUR 1 billion in energy efficiency in the Western Balkans. In the energy sector, energy efficiency investments amounted to EUR 290 million (35% of the energy sector's total investment in the region). Additionally, EUR 190 million was invested in renewable energy projects through direct and indirect financing.
Energy efficiency	EBRD should improve the target for energy efficiency investments in the Western Balkans from 12% to 50%. This is due to several reasons: energy poverty, environmental concerns and the enormous potential for employment that energy efficiency projects can generate in the region.	
Energy efficiency	According to NGO analysis of EBRD energy financing between 2006 until 2012, most renewable energy investments are in the hydropower sector. There is a need in Central Europe to concentrate on energy efficiency (especially in the residential sector) and non-hydropower renewables.	Between 2006 and August 2013, EBRD has invested EUR 505 million in renewables in the Central Europe and Baltics region. Of these investments 89% or 960 MW were for wind, 6% or 68 MW for hydropower, and 5% or 51.5 MW for biomass projects. Through the Bank's SEFFs, such as for example

Issue	Comment	EBRD response
		SlovSEFF in the Slovak Republic, (see http://www.slovseff.eu), we work on buildings energy efficiency, combining policy dialogue, grant co-finance, and EBRD finance. In relation to the Bank's general commitment to energy efficiency, including in Central Europe and Baltics please see above.
Energy efficiency	The EBRD's investments in energy efficiency in the Western Balkans between 2006 and 2012 were approximately 12% of the Bank's energy sector investment portfolio. Among these investments there were very few residential energy efficiency investments or projects in public buildings, and we would like to see an increase in such projects.	The Bank does not lend to households and so cannot directly target this segment of the market. However it does engage in policy dialogue to improve building codes and develops programmes which combine policy dialogue, grant co-finance, and indirect EBRD finance through its SEFFs. For example in 2013, the EBRD extended its existing WeBSEFF I (EUR 60 million) facility by adding a further EUR 75 million credit line framework. Investments eligible under this framework will be industrial energy efficiency and small renewable energy projects, investments in commercial building energy efficiency, ESCO projects and municipal energy efficiency. In general the Bank will look across the energy sector to identify opportunities to promote both energy efficiency and renewable energy. Please see also the answers above on investments in the Western Balkans.
Energy efficiency	The strategy should be more specific as to what type of energy efficiency and renewable energy investments the Bank will support. We see the added value of the Bank particularly in residential sector energy efficiency; however this is still at a very low level in the Bank's operations. Many of the EBRD's CoOs need to diversify their economic activity away from hydrocarbons (HC), and scale up their support for energy efficiency. The draft strategy needs to elaborate on the scale of the changes that the EBRD believes are needed and the strategies the Bank will use in different regions.	
Energy efficiency	Does the ES include the rehabilitation of boilers in existing plants or homes?	EBRD has a specific team that deals with the municipal sector whose strategy identifies the Bank's work with municipalities to upgrade CHP, municipal plants and boilers. See also answer above in relation to the residential sector.
Energy efficiency	Is EBRD interested in revolving funds specifically in regards to energy saving in the Western Balkans? How much does EBRD invest in municipal funds/projects? Does EBRD support national programs on energy efficiency in public buildings?	The Bank is already an investor in the Green for Growth fund, and is considering whether there is further scope for similar projects. EBRD invests approximately EUR 500 million per annum in municipal projects, approximately 40 per cent of this in water and waste water projects, 35 per cent in urban transport projects, 15 per cent in district heating, and 10 per cent solid waste projects. EBRD works on energy efficiency in public buildings through policy dialogue and the on-going work to develop ESCO markets.
Energy efficiency	In the building segment, which is often very fragmented, the most effective way to address this market for EBRD would be to provide long-term financing to local banks that would ultimately deal with the end-customers. In this respect, the promotion of new HQE® (High Environmental Quality) buildings in these countries through adequate regulatory measures for instance could be a good starting point.	EBRD already works with local banks through SEFFs to support end-use customer energy efficiency projects. On buildings, the Bank has successfully developed approaches combining policy dialogue, grant co-finance, and EBRD finance, such as SlovSEFF, to achieve this. These facilities are complex and require substantial donor support, but the Bank is committed to increasing their scale. EBRD is also supporting some of its countries of operations in upgrading their building

Issue	Comment	EBRD response
		regulations.
Energy efficiency	What framework does EBRD plan to use to support ESCOs (Energy Service Companies)? The ES should include a more detailed explanation on support for ESCOs.	The Bank actively supports the establishment of private sector ESCOs to finance and operate energy efficiency investments under Energy Performance Contracts. The Bank's operational approach to support ESCOs is set out in the SEI.
Energy efficiency/ Renewables	As Egypt subsidizes gasoline prices by up to 80%, investment in renewable energy are very low. How does the ES approach the problem of market-distorting state aid/ subsidies for conventional energy? Can EBRD help to channel energy subsidies to other energy sources, such as renewables?	The EBRD recognizes the negative impacts that fossil fuel subsidies have– see Section 4.8. The Bank therefore works through policy dialogue to support the reduction and removal of such subsidies, recognising however that this is a major political challenge in many countries. The Bank's focus on efficiency is critical in this context in reducing demand so that the burden of higher prices is mitigated.
Energy efficiency	In chapter 5.2 ("Demand and supply side energy efficiency"), the reduction of losses in the electricity networks is mentioned as one activity that the Bank will support, through investment into BAT). Has EBRD already developed or supported any project on this subject, and especially in the improvement of medium voltage distribution networks?	The Bank has supported a number of investments in improvements of distribution networks, most recently through a PLN 800 million loan to Energa SA in Poland, signed in June 2013.
Energy efficiency/ Renewables	Is the Bank willing to assist and support the creation of energy efficiency funds? In addition, it would be useful to specify if there is a possibility for providing financial grants for projects that contribute to energy saving and reduction of greenhouse gases.	In principle the Bank is willing to assist and support such funds where subsidies are time bound and proportional to the emission savings of the scheme. It will always depend on the proposed structure, and therefore an analysis of specific proposals. External funding of grants depends on the availability of donor co-finance, and/or the willingness of countries to support EBRD operations with e.g. their allocations under the EU IPA programme.
Energy efficiency	On the Energy Efficiency and Demand Side Measures, is stated that one of the main tools and approaches that guide the Bank's demand and supply side energy efficiency activities at energy efficiency measures that aim to reduce losses which occur every day in the production and delivery of power, heat and HC. Even though we are in favour of such an approach, it is unclear to us what means will be used to reach this aim. As the strategy states, BAT will be used, but it still remains a vague term what BAT is.	BAT is defined in detail in Article 1(10) of the Industrial Emissions Directive (Directive 2010/75/EU). Further guidance on the definition of BAT for Large Combustion Plants is available in the relevant BAT Reference Document, available at: http://eippcb.jrc.ec.europa.eu/reference/.
Energy efficiency	We support the Bank's current and future involvement in improving the energy efficiency of grids and households. However, the support going to increasing efficiency of polluting industries should be avoided. The reason for this is that as studies show, an increase in efficiency may lead to greater consumption, which offsets the savings in the first place, the so called "rebound effect". EBRD should not use taxpayer's money in cases where the investments do not lead to overall reduction of emissions or pollution in general.	The Bank is aware of the rebound effect concern and considers this in its policy dialogue but believes that well structured investments, in particular when combined with policy dialogue to promote cost reflective pricing, can avoid this outcome.
Energy efficiency	While the importance given to energy efficiency in the draft is very positive, it is fundamental to tighten the criteria for energy efficiency, since projects like the 600 MW lignite power plant	This project was classified as SEI based on its energy efficiency and significant carbon reduction as a replacement of old capacity. Because of the legacy infrastructure of the Bank's countries of

Issue	Comment	EBRD response
	Sostanj qualified as energy efficiency project.	operations many of the largest and most cost effective energy efficiency opportunities may be found in replacing or upgrading existing fossil fuel capacity.
Energy security	How much consensus exists between the member countries on EBRD's definition of energy security?	Inevitably different countries assess energy security differently given their different regulatory structures, geophysical endowments and sector history. In some cases energy security is defined as energy self-reliance while the ES takes a broader view of energy security, recognising that the promotion of market based investment signals and the diversification of sources, in particular through better integration into regional markets, can deliver it more effectively and efficiently.
Energy security / affordability	The ES should encourage the use of domestic energy resources. Besides positive effects on security of supply and, availability of energy, in many economies this is crucial to ensuring affordability.	EBRD promotes a transition to more efficient open energy markets. A focus on domestic resources may not necessarily lead to the most efficient and therefore most sustainable or most affordable outcome. Please refer also the answer above.
Energy security	When talking about delivering energy security by better integration into regional markets, it is important to keep in mind all the implications of such integration for all the participants of this process. It is the self-reliance that should be a cornerstone of true energy security of a country. The Bank should devise a measure for energy security that recognizes the various facets of a secure energy system so that progress can be quantified.	Please refer to response above. As outlined in Section 5.11.3 EBRD will in one of its five indicators examine interconnections and energy trade.
Energy storage	Does EBRD consider energy storage as a useful tool for encouraging renewable energy utilization?	Electricity storage could in time be a very important tool, in particular in allowing for much greater exploitation of intermittent renewable energy production. Currently energy storage is not widely commercially adopted because of cost issues but as it becomes a commercially viable technology the Bank would certainly look to support it.
Environmental and social issues	Will a CIA consider social impacts?	Yes.
EU integration	EBRD does not analyse the impact of its projects on European integration. For example, the Kolubara mining project and Kolubara thermal power plant in Serbia would not have been funded by the Bank if the Bank had assessed EU targets. Such types of projects are distorted by state aid.	The Bank has not funded any thermal power project in Kolubara. The Bank has provided a loan to fund efficiency improvements in the existing Kolubara mining operations, with an expected reduction in CO2 emissions of 200,000 tonnes annually. In relation to state aid, Serbia is a party to the Energy Community Treaty which incorporates as legally binding commitments the EU rules in a number of areas, including this.
Evaluation of projects	Section 2.5 of the ES states that the Bank has an in-house independent department which evaluates projects. We would like more information regarding evaluation criteria.	Please refer to http://www.ebrd.com/pages/about/what/evaluation.shtml
Fossil fuels/ SEI 3	Since CoOs are very energy and carbon intensive, any investment in fossil fuel is in reality going to increase energy efficiency. The fossil fuel sector is therefore too easily included under the SEI.	EBRD agrees that the existing legacy of fossil-fuel infrastructure in many of its CoOs is often very inefficient. There are therefore excellent opportunities to improve energy efficiency and reduce emissions through investments in this area.

Issue	Comment	EBRD response
		EBRD believes that it has an important role to play in supporting these investments because barriers to their implementation remain, such as shortage of capital, inadequate regulation or market failures. The Bank also recognises that a part of the low carbon transition is rehabilitating and replacing old fossil-fuel infrastructure to improve efficiency.
Fossil fuels/ SEI 3	SEI 3 is not ambitious enough when it comes to climate action and promoting the transition to a low carbon economy. A number of projects show that SEI 3 is providing a justification for investments in fossil fuels.	The SEI provides a framework for directing the Bank's efforts to maximise energy efficiency. Given the dominant role fossil fuels have played in the energy sector and their continuing importance in the future it is inevitable that some of the largest and most cost effective opportunities to increase efficiency and reduce emissions are found in this sector.
Fossil fuels	Europe has the chance to modernize its old power plants. In average a decrease of 30% in CO2 emissions can be achieved through efficiency gains. EBRD should support such investments.	As noted above EBRD shares the view that there are significant opportunities to improve the efficiency of existing infrastructure.
Fossil Fuels	The ES substantially overstates the climate and development benefits that efficiency improvements at existing fossil-fuel generating stations can achieve, and that these should be disfavoured. EBRD should not finance supply-side efficiency improvements at the cost of increasing absolute emissions. The Bank should not finance supply-side efficiency improvements, but should invest in improving the efficiency of existing renewables.	Because of the legacy infrastructure of the Bank's countries of operations many of the largest and most cost effective energy efficiency opportunities can be found in replacing or upgrading existing fossil fuel capacity. EBRD thinks that there are significant opportunities to improve the efficiency of existing infrastructure. For example, modernisation and efficiency improvements in CHP plants can lead to significant fuel savings and carbon emission reductions: in Kazakhstan the Bank has financed two CHP plants which are expected to improve operating net electricity efficiency from current 29% to 33% in condensing mode and from 72% to 80% in cogeneration mode. Based on 2012 energy production levels, these improvements correspond to savings of around 470,000 tons of CO2 per year. Similarly, upgrading an open gas cycle turbine to a combined gas cycle turbine can increase efficiency by circa 25 percentage points.
Fossil fuels	EBRD should support cheap energy sources, which in most cases are indigenous sources of energy: fossil fuels, coal, renewables, nuclear.	The Bank aims to promote the transition to a well-functioning market economy. A price discovery mechanism, that also includes the value of externalities, will disclose the cheapest form of energy, and lead to a cost reflective price. In many cases the lowest-priced energy may not actually be the cheapest when all costs are considered.
Fossil fuels	Fossil fuels are, by far, the most viable means we have of providing abundant energy to billions of people in the world. EBRD should continue investing in fossil fuels.	Comment noted. Please refer to responses above and specifically to the Bank's approach that it will not finance coal-fired projects except in rare and exceptional circumstances.
Fossil fuels	We support the Bank's proposal to continue lending for the rehabilitation and replacement of existing fossil fuelled power generation. We are pleased that the Bank's definitions of hydrocarbons include oil gas and steam or thermal coal, whilst coking or metallurgical coal is separately considered as a mineral in the Bank's mining operations policy.	

Issue	Comment	EBRD response
Fossil Fuels	Investments in gas should be done on a case by case basis, after a careful analysis. There is no need to accelerate gas investments in any EBRD CoO.	The Bank carefully assesses each of its investments, including gas fired generation, on a case by case basis. The Bank believes that gas-fired generation has an important role to play in the energy sector, by meeting basic energy needs, replacing more carbon-intensive coal-fired capacity and providing essential backup capacity for widespread deployment of intermittent renewables.
Fossil fuels	The Bank should stop financing fossil fuels projects, any project which results in an increase of emissions, and unconventional resources such as shale gas. This includes building coal facilities. The Bank has all the instruments and opportunities to stimulate renewables and energy efficiency.	Please see answers under the heading *Coal* in relation to coal. The lock-in concern is specifically addressed by the least carbon intensive test. In relation to gas please see answer above on the future role of gas in the energy sector.
Fossil Fuels	The Bank should tighten its project selection criteria to ensure that it brings real added value rather than financing projects that only bring plants into compliance with current legislation Any replacement of energy generation after 2013 for coal, and 2014 for gas, should not be funded by the EBRD on the basis of climate science. There is no indication in the draft strategy how the lock-in problem is addressed when it comes to new HC-based generation or exploitation of HC. The 'carbon bubble' risk is not analysed.	
Fossil fuels	We urge the EBRD to follow the lead of the EIB and pioneer its own energy financing standard and decrease carbon emissions per energy project.	The Bank has clear targets for investments in sustainable energy and reductions in carbon emissions. The energy sector will be central to meeting those targets.
Fossil Fuels	Does EBRD foresee a support only for new conventional generation plants or also for rehabilitation of old ones?	The Bank will consider rehabilitation of generating plants where this achieves transition impact and where the project adopts BAT. In the case of coal-fired plants the additional constraints and screening criteria described above will apply.
Fuel switching	The Bank states that it will support fuel switching from coal to gas where this is realistic (p.58). We suggest that the Bank should examine the overall impact of its investment decisions as there may be knock-on impacts in exporting countries if more gas is imported. We recommend that the Bank takes a more holistic approach, one that looks beyond the apparent reduction in CO2 emissions at the plant level.	EBRD considers the indirect impacts and feedback loops in its projects and recognises the difficulty of anticipating all of these. The Bank's overarching focus on well-functioning markets helps to mitigate this concern in that it promotes the adoption of cost-reflective pricing, including for externalities, in all countries.
Gas flaring	In chapter 5.6.2 of the ES the wording on gas flaring is too general and high level. Progress with gas flaring reductions in at least one Bank project has been assessed extremely poorly by some NGOs.	EBRD will continue to finance projects aiming at greater utilisation of associated petroleum gas, because of the very significant potential for emission reduction. The Bank has had a positive experience in previous projects, and hopes to replicate these efforts going forward.
Gas resources	Beyond gas flaring reductions, there is large potential, e.g. in Russia for developing gas petrochemicals whilst at the same time improving environmental indicators. EBRD should also invest in projects that produce gas petrochemicals.	The ES reflects this comment. EBRD will actively invest in petrochemical projects which allow for some types of natural gas such as ethane to be commercially used and not wasted.
Gas Resources/ Gas flaring	What is the role of EBRD in developing upstream gas resources to supply the region without being in the region? Which resources will be encouraged?	The Bank can only engage in projects in its CoOs . It will support the development or rehabilitation of cross-border transport pipelines, upgrade of and

Issue	Comment	EBRD response
	How can EBRD work with countries to promote gas flaring reduction initiatives?	new storage capacity and import infrastructure to improve supply to the region and increase energy security. In the upstream oil and gas sector the Bank will support the development of gas resources which involve the expansion of private participation, the introduction of efficiency and productivity-enhancing technologies and processes and best international EHSS (Environmental, Health and Safety, and Social) practices. As discussed in section 5.6.2 of the ES, the Bank recognises that its CoOs are among the world's largest contributors to GHG emissions related to gas flaring. The Bank will therefore support the development of gas resources which involve flaring reduction investments. The Bank will also engage in policy dialogue to promote regulatory frameworks that restrict flaring and encourage commercial utilisation of associated petroleum gas, working in particular through the Global Gas Flaring Reduction Partnership.
Gas resources/ Security of supply	Turkey is a hub for oil and natural gas pipeline systems. The Trans Anatolian Natural Gas Pipeline (TANAP) project is currently under consideration/construction. What is EBRD's strategy in relation to the TANAP project and pipeline systems in general?	EBRD has been involved in financing large pipelines cooperation projects for a long time. The Baku BTC pipeline in 2004-2005 was one of the Bank's largest projects to date. EBRD will continue its involvement in pipeline projects, for example to bring natural gas from the Caucasus Region to Central and Eastern Europe.
General	Commend EBRD on the projects/policies relating to: - cleaning up coal particularly on the production side - non-CO2 emission from power generation - the emphasis placed on CHP	Comment noted.
General	In the ES's lessons learnt, EBRD should consider examples and input from CSO's, especially in relation to problems between CSOs and client/beneficiaries during project implementation.	Where issues of this kind have arisen during project implementation they are taken on board and the lessons applied in subsequent projects.
General	The ES does not address specific, relevant projects in Russia. Russia is classified as having medium and large transition gaps in the Assessment of Transition Challenges. What kind of classification was used?	The Bank prepares an annual assessment of the key transition challenges in the power and energy sector for each country. This assessment is published as part of the Bank's Transition Report. For further information on the methodology underpinning each assessment please consult http://www.ebrd.com/downloads/research/transition/tr12methodnotes.pdf
General	The ES is lacking any analyses of the current energy systems in CoOs and a long term perspective in terms of affordability, security and sustainability and the link with the energy market situation in those countries.	The ES sets the overall parameters and priorities for the Bank in the energy sector. The Bank's analysis of the energy sector in each country of operations and the consequent targets in that country are set out in the relevant Country Strategy and are based on the annual assessment of transition challenges.
General	What will be the focus of EBRD investments in Russia and CIS (Commonwealth of Independent States) countries for the next 4 years?	Please see the latest Country Strategy for Russia: http://www.ebrd.com/pages/country/russia/strategy.shtml. Other country strategies can be found under http://www.ebrd.com/pages/about/policies.shtml.
General	As there are joint electrical grid connections	As CIS countries have very different endowments

Issue	Comment	EBRD response
	between the former Soviet Union countries, the ES should consider classifying the energy sectors of the CIS countries together.	and transition challenges in the energy sector, the Bank has chosen focused priority areas for specific categories of countries outlined in Section 5.11.2.
General	The draft strategy text should be more streamlined. The comment on state involvement should recognize that states do make the rules. In the Executive summary the ES should clarify what is meant by natural endowments.	Natural endowments refer to the natural resource endowments of a country. The ES has been amended.
General	The game changer role of the Bank should be better defined under the umbrella of a sustainability goal, which includes the perspective of affordability and access to energy. The Bank should have a role in supporting hard choices, as long as those target long-term sustainability.	The ES defines the Bank's role by reference to its mandate as set out in its Establishing Agreement, namely to foster the transition to open market-oriented economies. Sustainability is an integral part of that goal but transition remains the overarching principle.
General	EBRD should restructure the document to link chapters 3 and 4 with the operational consequences in chapter 5. It is hard to see how the general context (chapter 3) and the transition challenges (part 3) translate into specific operational commitments for the EBRD (chapter 5). Some relevant analysis on climate change and harmful fossil fuel subsidies in chapter 3 and on the low carbon transition needs in part 4 is only poorly translated in chapter 5 where the EBRD: - does not commit to support CoOs to set robust climate policies and regulatory frameworks consistent with the 2°C global target; - does not clearly commit to engage on phasing out harmful fossil fuel subsidies; - does not seem to change its approach towards HC extraction.	The operational approaches in Section 5 are all defined by reference to a transition challenge as set out in Section 4. Section 3 sets the broader context on which the analysis of transition challenges is based. In relation to specific comments the ES focuses on EBRD's operational approach which is built around discrete projects which are all aimed at addressing key transition challenges, such as meeting the global climate change target and eliminating subsidies.
General	EBRD should reorganise part 5 on EBRD Operational approach which is structured in a very confusing way: - EBRD commitments on oil can be found in parts 5.3, 5.4, 5.5, 5.6 and 5.7; - Similarly EBRD commitments on gas can be found in parts 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 5.9; - Even a very specific issue like gas flaring can be found in parts 5.2, 5.6 and 5.9. As a result, it is almost impossible to get an overall clear picture of what the EBRD is doing in relation with the oil and the gas sectors.	Reflecting a holistic view of the sector the Bank has chosen to set out its operational approach organised by theme rather than by sub-sector. Inevitably this means that some sectors are discussed on several different occasions but the presentation is intended to give a more informative picture of how EBRD's approach to specific transition goals applies across different sectors.
General	EBRD should provide a map with CoOs and groupings of countries. The level of geographic information is very uneven in the ES: in many cases the EBRD refers to "some countries" and "other countries" on a given issue, while in some specific cases country names are provided (e.g. 7 countries are listed on nuclear page 60). It makes it difficult to know which countries the EBRD refers to. This undermines the clarity and the precision of the draft.	Comment noted and a number of changes have been made to address this. A map has been included in Annex 3 of the ES.

Issue	Comment	EBRD response
General	The EBRD covers with its activity, not only the EU countries, but also outside the EU. Please consider, when extending credits for entities from these countries that such investments should match as closely as possible the requirements of the EU as "the model requirements" for any investment. This will lead to fairer competition in the world.	The Bank applies EU environmental requirements to all its investments, which includes compliance with the Industrial Emissions Directive.
General	What policy or guidance does EBRD have on resettlement for coal projects? What exceptions do exist?	Within the ESP, Performance Requirement 5 deals specifically with land acquisition and resettlement (including economic displacement where no physical move is required but where impact and loss associated with pre-existing use of the land occurs). This requirement applies to all projects without exception.
General	Thermal power plants are the energy sector's most intensive users of water resources. Particularly for coal and lignite fired power plants, investment assessments shall honour design efforts related to conservation of water resources. This include a reduction of the dependency on external water resources, reduced consumption of high quality water and higher water recycling rate as well as limiting liquid and solid discharges to surrounding water sources.	The Bank considers water use and efficiency as part of the appraisal process. The Bank's newly established Sustainable Resources Initiative provides further focus on this issue and enables projects to significantly increase efficiency in terms of resource utilisation, including water. The Bank uses a number of tools in project appraisal including review of alternative water resources, review of alternative technologies to improve efficiency and treatment options that can increase recycling of resources. In terms of discharges, the Bank will require compliance with local and EU regulation in terms of permitted quantities and quality issues.
Hydrocarbons	In session 5.3 the strategy mentions "support to smaller companies". In principle, support to smaller companies is positively valued. However, the Bank also stresses "For example junior oil and gas companies may extend the reach of HC markets by developing marginal and complex oil and gas deposits or introducing new technologies". We do not believe that the gas and oil companies, either big or small, should receive any financial helps from the Bank as they are usually already well-funded and their further development does not match with the sustainable energy principles. Instead, the Bank could prioritize the support to small companies which develop or manage sustainable energy resources.	As the HC sector is particularly capital intensive, smaller companies need to access external financing for their development. This provides an opportunity for EBRD to be selectively involved in the sector and apply the principles outlined in the ES.
Hydrocarbons	"Strengthening the HC value chain. Recognizing the key role of the energy sector in producer countries the Bank will work to strengthen the whole HC value chain and maximize the role of energy projects in building more robust economies". The focus on increasing the value of HC chains inhibits the goal of sustainability. Not only this jeopardizes the security of the climate of next generation, but it is also in conflict of the three-dimensional balance that the Bank claims to put great efforts to sustain in session 4.1.	The Bank's approach to HCs is developed within the priorities set out in section 4.1. By supporting the HC value chain the Bank intends to maximise the economic benefit of HC developments for local communities in resource–rich countries.

Issue	Comment	EBRD response
Hydropower	EBRD should more precisely express the extent of its interest in hydropower development in its CoOs. It should rely on the evaluation tools for sustainable principles of hydropower under the World Commission on Dams.	The Bank believes that hydropower has an important role to play as a low carbon, renewable source of power. In particular many of the Bank's countries of operations have extensive existing hydropower infrastructure which can be rehabilitated, providing additional capacity with no incremental environmental impacts. In addition many countries still have unutilised hydropower resources which may be exploited where doing so is consistent with good international practice. The environmental and social standards applied to hydropower projects financed by the Bank are determined in accordance with the ESP. The points of reference for the ESP in regard to applicable standards are national and EU legislation, and good international practices but it should be noted that the ESP is the governing document in regard to environmental and social standards. Relevant legislative instruments, appropriate sustainability standards and guidelines, and the requirements for project appraisal and operational performance are provided throughout the ESP in the Performance Requirements. Relevant EU legislation may include the Water Framework, the Habitats Directive and others; these are considered depending on the issues raised by the projects themselves. Where EU Directives apply at a facility level, the Bank requires compliance with these standards. For other relevant EU Directives, which do not apply at the facility level, the Bank requires that the project achieve outcomes that are consistent with the objectives of those Directives. In addition to EU legislation the Bank also requires its projects to meet good international practice. The Bank refers to a wide range of industry, trade or other widely accepted standards and guidelines as good international practice. This includes the recommendations of the World Commission on Dams and the International Hydropower Association's Sustainability Guidelines for example. A reference has been made in the Strategy. Specifically in relation to the Hydropower Sustainability Assessment Protocol, the Bank regards this as a useful tool for evaluating sustainability aspects of a project, alongside other reference documents. The Bank incorporates many of the same principles as the HSAP into its own environmental and social appraisal of projects when appropriate. A reference has been made in the Strategy and these comments have been noted for the on-going revision of the ESP.
Hydropower	In the process of planning and development of hydropower projects, the recommendations of the World Commission on Dams should be followed. The EU Water Framework Directive's respective guidelines (such as the WATECO guidance) should be applied at the project level.	
Hydropower	A reference to the World Commission on Dams in relation to hydropower needs to be included.	
Hydropower	The EBRD should enforce the sustainability criteria of the Hydropower Sustainability Assessment Protocol (HSAP) and only invest in cases where negative impacts on ecosystems are properly assessed, avoided or mitigated and monitored and the projects are not located in/nearby protected areas or on river stretches with high/good ecological status (based on a planning policy and legal framework). The EBRD should require that projects meet the most stringent international best practice in terms of environmental and social sustainability, including compliance with EU legislation (Water Framework Directive, Natura 2000 Directives, Environmental Impact Assessment and Strategic Environmental Assessment (SEA) Directives). It should implement the Hydropower Sustainability Assessment Protocol (HSAP).	
Hydropower	Which criteria / protocols does EBRD use in its operations related to hydropower?	
Hydropower	EBRD should prioritise investments in rehabilitation of existent dams and not invest in greenfield projects.	The Bank generally focuses on rehabilitation to improve the efficiency and capacity of existing plants as well as their resilience to climate change impacts. 68% of EBRD's investments in hydropower between 2006-2013 have been in
Hydropower	The Bank needs to diversify away from	

Issue	Comment	EBRD response
	hydropower as the predominant form of renewable energy in the region of operations, both due to its frequent sustainability problems and because of the greater added value in other forms of renewable energy. Rehabilitation projects of existing hydropower plants should be prioritized.	rehabilitation as opposed to greenfield projects. In the case of greenfield hydropower projects EBRD recognises that they have the potential to provide significant low-carbon power. In addition hydropower plants can provide high value despatchable power that can in turn facilitate greater deployment of intermittent renewables (in particular if introduced as part of an appropriate market system). EBRD will however only support such projects when they comply with good industry practice for environmental and social standards.
Hydropower	Investing in several small hydropower plants may be more environmentally friendly and appropriate. The ES should consider systems/programmes to cover several small hydro projects in several regions.	Because of the small amount of financing usually required, the Bank is not set up to deal with very small projects. Thus it works through partner banks and develops framework facilities to address this issue. For example in the Western Balkans the Bank has financed 11 small hydropower projects with 55MW total capacity through the West Balkans Sustainable Energy Direct Financing Facility. Also, working with the Serbian power generation company, the Bank invested in the renovations of 15 and construction (on existing dams) of 7 small hydropower projects, grouping several projects under one loan.
Integrity	The high level of corruption in the region's energy sectors needs to be explored and steps outlined on how the EBRD will seek to address the problem.	The ES notes the importance of promoting best practice in this area in Section 5.7.3 of the ES. More generally EBRD takes corruption and allegations of corruption in relation to its project extremely seriously. When evaluating proposed projects, the Bank has a stringent due diligence process to assess integrity issues. Where necessary this is overseen by the Office of the Chief Compliance Officer (OCCO). OCCO is also responsible for investigating allegations of fraud and corruption concerning Bank staff or Bank-financed projects. Persons found to have committed fraud or corruption are excluded from all Bank-financed projects; they are also excluded from projects financed by the African Development Bank, the Asian Development Bank, the Inter-American Development Bank and the World Bank Group. See also: http://www.ebrd.com/pages/about/integrity.shtml.
Integrity	How does EBRD ensure the integrity of its projects, project components, clients and project proponent?	
Key partners	How does the ES interact with the EU internal discussions about a comprehensive EU energy strategy and reconciling national strategies with the EU strategy?	A number of the Bank's CoOs are either EU members or candidate countries and EBRD works closely with the authorities in these countries and the European Commission to support them in implementing applicable EU law in the energy sector. The EBRD also works closely with the Energy Community Secretariat and, for example, has helped a number of CoOs to develop Energy Action Plans under their Energy Community commitments
Key partners	Will the ES contribute to the realisation of projects of common interest in Europe?	The Bank supports strengthening regional integration and cross border links, within and outside of the EU. A number of EU 'common interest' energy projects involve CoOs and the Bank will strongly support those projects where its

Issue	Comment	EBRD response
		financing is additional.
Local Content Requirements	Local content requirements seem to have made it nearly impossible for foreign investors to enter certain markets and construct renewable power plants. The ES should consider support for regulatory frameworks that help to make the energy market more open and competitive.	EBRD is aware of the concerns around local content requirements and engages in policy dialogue with governments with the aim of removing them.
Local Content Requirements	The ES could promote manufacturing and assembly of wind turbines or solar panels which would in turn help meet local content requirements.	International experience demonstrates that local content requirement rules are generally more detrimental than beneficial because they harm all investors both local and foreign by restricting competition. Imposing higher production costs in the system creates artificial barriers to entry into the sector, hampering renewable energy development.
Nuclear energy	Nuclear energy should play an important role in the future as clean affordable energy. EBRD should consider funding for nuclear projects.	The Bank's engagement in the nuclear energy sector is confined to nuclear safety, spent fuel and waste management as well as decommissioning.
Nuclear Energy	We welcome EBRD's intent to fund safety improvements of operating nuclear power stations. We also support any efforts made by the EBRD to promote efficient regulatory frameworks, including independent, competent and well-resourced nuclear regulatory authorities. On the other hand, we note with regret that EBRD has excluded nuclear new build from its ES. Numerous countries remain committed to nuclear power and several countries are considering new nuclear power stations, subsequent to higher safety assessments. Overall safety would be enhanced from EBRD involvement in nuclear new build.	
Nuclear energy	EBRD should refuse to finance any projects related to nuclear energy, except for decommissioning of nuclear sites.	It would be premature to abandon the objective to invest in nuclear safety improvements as many nuclear facilities currently operated in CoOs fall short of the highest internationally accepted safety standards. Any request for financing will be assessed on a case by case basis making sure that the proposed project indeed addresses generic safety issues and does not constitute provision of extra capacity. Specifically in relation to the Ukrainian Upgrade Program, it addresses generic safety issues and is independent of the operator's decisions on duration of operation.
Nuclear energy	During the previous Energy Operations Policy period there was no direct investment from the Bank to solve the problem of radioactive waste management or to decommission plants, despite these being identified as key areas for the Bank's involvement in the nuclear sector. Loans granted in the past contributed not to increase nuclear safety but rather to enable new units or the continued operation of existing plants. The current practice of addressing decommissioning and radioactive waste by attaching specific conditions to loans for the extension of nuclear capacity was only successful to a very limited extent. Despite the decommissioning fund being created, it is virtually empty today. The new ES should limit its investments in the nuclear sector only to safe and secure decommissioning of all facilities and to programmes on long term utilization of spent nuclear fuels and radioactive waste management.	
Nuclear Energy	The Bank should narrow its investments in the nuclear safe closure and decommissioning as well as for the safe and secure management of radioactive waste and spent nuclear fuel, and exclude any bank support for further capacity expansion or lifetime extension.	

Issue	Comment	EBRD response
Nuclear Energy	The strategy in the session 5.7.2 states its interest to support improvement of the existing nuclear power plants. Nuclear power plants are a serious threat to the health of the population and safety of the environment. We ask EBRD to reconsider supporting nuclear power generation in any way and canalize its funding toward a fossil fuel and nuclear free energy future.	
Nuclear Energy	The energy sector strategy needs to exclude the possibility to finance safety upgrades that actually lead to life-time extensions as happened with the Ukraine Nuclear Power Plant Safety Upgrade Programme.	
Nuclear energy	Does EBRD finance nuclear projects in its CoOs?	Please see answers above
Pricing of externalities	EBRD's work towards developing the systems for proper pricing of externalities should rely on existing systems.	In advising governments about pricing of externalities EBRD promotes best international practices and existing systems and works closely with other institutions such as the World Bank.
Pricing of externalities	EBRD should have an overarching strategy on climate issues. Has there been any thinking on carbon bubbles as publicised by the Carbon Tracker Initiative in the Strategy?	The Bank's overarching strategy on this issue is set out in the SEI 3. The Bank's response to analysis of the long-term value implications of carbon is, on the policy side, to encourage the proper pricing of all emissions and on the investment side to assess the vulnerability of carbon-intensive projects to increased carbon prices.
Public consultation process	As highlighted in a letter sent to the EBRD Board of Directors, there is concern about the level of representation of EBRD staff at consultation meetings. While three years ago Board members participated at the EBRD PIP (Public Information Policy) consultation in London, no EBRD Board members or Directors were present at the consultation meetings.	The purpose of those public consultation meetings is not to take decisions but to receive comments from all interested stakeholders and explain EBRD's thinking and approach. For that reason they were attended by experts from our Banking, Environmental and Social and Civil Society Engagement teams with a detailed knowledge of the strategy. Comments received during this consultation phase, whether in writing or at the consultation meetings, are presented to the most senior management committee in EBRD and to the Board of Directors to inform their final decisions on the Strategy. It is to be noted that no EBRD Board Directors was present at the public consultation in London on the 2011 PIP review. From EBRD side, the meeting was attended by experts from Office of Secretary General, Environment and Sustainability Department and Civil Society Engagement Unit.
Public consultation process	During the PIP consultation 3 years ago feedback given by EBRD did not sufficiently address the concrete questions asked. There is a worry that the EBRD will not appropriately respond to comments.	EBRD has noted this suggestion. The Bank is currently revising its 2011 Public Information Policy and this comment is to be considered in the context of the review process.
Public consultation process	EBRD should publish the transcript of the consultation meeting on its website, for two reasons: it is important that there is transparency on the dialogue during the public consultation, and the accuracy of the Report on the Consultation to Comment can be assessed by participants against the transcript of the consultation.	The Bank respects the confidentiality of all participants in the consultation process and therefore does not publish the transcript in order to allow participants to speak freely. The Bank, however, has noted this suggestion in the context of the above mentioned review of its 2011 Public Information Policy.
Public consultation	EBRD should publish the transcript of the public consultation meeting ahead of submitting it to the	

Issue	Comment	EBRD response
process	EBRD Board of Directors, giving participants sufficient time to reword comments where they feel the meaning of their statement has not been accurately reflected.	
Public consultation process	The REC (Regional Environmental Centre for Central and Eastern Europe) is a governmental agency in some countries such as in Serbia and in Croatia, as well others in the Balkans. It should not act as facilitator of the consultation process. We have addressed this comment to EBRD during the environmental forum in 2007.	REC is explicitly constituted as an independent, non-partisan, non-advocacy, not-for-profit body of international character. It has a long track record of facilitating consultation processes of this nature for the European Commission, businesses, and governments.
Public consultation process	Will EBRD publish the list of criteria for selection of participants funded to join the public consultation meeting? Will EBRD publish the list of CSO representatives who have been funded to participate?	The list of the representatives that received EBRD funding to attend the public consultation is annexed to this document. Funding dedicated to CSOs participation has been a special exercise and is not a policy across the Bank. The criteria have been set up specifically for the purpose of this consultation and they currently do not apply to public consultation on a cross cutting basis.
Public Information	Where are soft copies of the ES available?	Soft copies can be printed off the EBRD website. http://www.ebrd.com/pages/sector/powerenergy/policy.shtml.
Public information	Is it possible to contribute to the formulation of the EBRD CS or is this an internal document which is not open to contributions from third parties?	Country strategies are publicly available documents and public consultation is an essential part of their formulation. The consultation process is described in EBRD's PIP and further details can be found here: http://www.ebrd.com/pages/about/policies/have-your-say.shtml.
Refining	EU refineries have to fulfil the highest environmental requirements in the world. EBRD should help implement BATs as widely as possible.	The Bank consistently promotes energy efficiency measures, the upgrade of inefficient equipment and investment into BAT including throughout its activities in the refining sector. These standards are applied to all projects in all countries. Energy audits for client companies help identify these opportunities.
Refining	Investments in the refining sector should be limited to environmental improvements which do not contribute to capacity expansion. The Bank should also look for opportunities to decrease demand for oil products.	The Bank's CoOs have significant refining capacity, which require important upgrade investments to meet the growing demand for cleaner, low sulphur fuel oil which conforms to higher environmental specifications. Therefore the Bank will support the replacement of inefficient refining capacity to reduce emissions of CO2 and nitrogen oxides and improve product quality.
Renewables	Renewables need to be better integrated in the ES. It is important to address the way EBRD is going to work in promoting investments in back-up for renewable energy, including investments in power supply and distribution infrastructure.	Support for renewable energy is one of the fundamental pillars of the Bank's operational approach, building on the success of the previous seven years during which the Bank invested about EUR 2 billion, leveraging over EUR 3 billion of renewable investments from the public and private sector in its countries of operations. Historically renewables have represented 31% of total financing in the power sector. The Bank's continued support for renewables will include investments in renewable generation plants, policy dialogue and TC support for renewable energy frameworks and investments in enabling
Renewables	The EBRD should set a target for non-hydro renewable energy support of €300 million a year in 2014 rising to €600 million a year by 2020. The EBRD should clarify that renewable energy becomes the second priority after energy efficiency. The share of EBRD energy support for renewables should reflect it;	

Issue	Comment	EBRD response
	As it did in the past, the EBRD should set a financing target on the basis of renewable energy financing in the last three years; Given the controversy on hydropower, this issue should be separated from non-hydro renewable energy;	infrastructure such as smart grids, backup generation capacity and transmission lines. While the Bank does not set sub-sector targets because this is not compatible with its private-sector led project-based operational approach the SEI investment target of EUR 4.5-6.5 bn in 2012-14 anticipates a significant contribution from renewable energy.
Renewables	The Bank acknowledges on page 28 of its Strategy that access to renewable technologies is becoming increasingly affordable, however concerted investment and policy prioritization are still needed if we are to achieve sufficient carbon reductions and achieve ambitious action in taking up these solutions. The Bank has identified a number of countries and regions with significant potential for the role out of renewable energy at scale. The Bank should therefore prioritize these projects and develop a portfolio of renewables in the regions where it operates and eventually replace existing carbon intensive projects.	
Renewables	In the long run the main driver of investment should be the carbon price signal and subsidies should be phased out. Immature renewable technologies that are not yet ready for large scale market uptake should be supported as pilot projects rather than with renewable energy subsidies with extensive scope and costs for tax payers or power consumers.	The Bank's long-term vision for renewable energy is indeed that fully cost-reflective pricing will allow renewable energy generators to compete in the energy market on the same terms as other generators. The Bank will continue to promote renewable support systems that are based on market principles and allow free trade. In the meantime the Bank recognises that the sector will continue to need specific support mechanisms. In assessing these mechanisms EBRD is aware of the fact that over time renewable support systems such as feed in tariffs will reduce and eventually be phased out. Therefore EBRD engages in policy dialogue with governments about the sustainability of renewable support mechanisms and the integration of renewable energy with conventional energy over the long-term. The Bank will continue to play this role as enabler of renewable energy, which also includes investments in enabling infrastructure such as smart grids, backup generation capacity and transmission lines. The ES addresses this issue in Sections 3.3 and 5.5.1.
Renewables	The Strategy should discuss the sustainability of renewable energy. As feed in tariffs might be cancelled or reduced overtime, there should be a mechanism in national legislation to ensure that project operations will continue and will be sustainable and that new projects will be developed.	
Renewables	For mature renewable technologies, a reduction of the indirect costs from market arrangements (i.e. progressive renewable participation in balancing markets and dispatching services) should be addressed as a matter of priority. The cost of the overall value chain for any given technology has to be assessed, and the future costs for the overall electricity system should be taken into account (network development, interconnections, storages and flexible back-up capacity), within market arrangements able to accommodate different types of power generation in a competitive manner. The economic justification for supporting non-mature technologies in the future should be better targeted and put in a broader context.	
Renewables	The ES should focus more on early stage development of renewables, where with a limited amount of early stage capital, a project can achieve a significant demonstration impact. Small scale renewable project developers typically become more active after a large scale investor carries out a project. Therefore EBRD's involvement would help small scale developers to emerge in a shorter timeframe.	EBRD does not typically invest in development projects although it does provide such support indirectly by investing in funds.

Issue	Comment	EBRD response
Renewables	Does EBRD finance any small scale renewable energy, (e.g. biomass) projects in Turkey?	Yes, these are financed through the Banks TurSEFF Sustainable Energy Finance Facility, which is implemented through local banks. This facility has financed 105 MW of small-scale renewables (hydro, geothermal, wind, biomass).
Renewables	How does EBRD address the problems associated with large scale renewables such as noise, impacts on bird migration and decommissioning of PV panels / batteries?	As with all development projects, EBRD requires its clients to undertake project appraisal in accordance with the PRs and this ensures that adverse impacts are identified and addressed through the mitigation hierarchy.
Renewables	Renewable investments should only be undertaken after a country has assessed resources and developed a comprehensive plan. For this, expert support is needed and EBRD could be a very strong player in the implementation of these comprehensive plans for example in Russia.	The Bank encourages countries to assess resources and will support countries in establishing regulatory frameworks that encourage investment in renewable energy on consistent, transparent and open terms and with the long term goal of promoting market based systems.. The Bank has in the past supported a study on appropriate levels of price support for renewables in Russia and will continue its policy dialogue on renewable energy and investment frameworks with the Government.
Renewables	Central Asia has large potential for all types of renewable energy. EBRD should stimulate technology transfer into this region.	In CoOs where renewable energy is not widely deployed the Bank will focus on supporting the key initial projects which confirm the sector's viability and establish it as part of the broader energy sector. The Bank will also support countries in establishing regulatory frameworks that encourage investment in renewable energy on consistent, transparent and open terms. Specifically in Central Asia EBRD is providing extensive support to the Kazakh authorities to develop a regulatory framework for renewable energy.
Renewables	In Kazakhstan the private sector is just emerging and in the rest of Central Asia there are no private sector players in renewable energy. How does EBRD address this problem in the development of market oriented approaches in these countries?	
Renewables	The strategy should consider combinations of renewable resources, such as solar collectors plus heat pumps. There is seasonal variation in the efficiency of renewable sources. Attention is needed to issues associated with designing these technologies.	The Bank will consider different commercially viable renewable projects including combinations of technologies.
Renewables	The ES should highlight the negative impact of renewables, such as biodiversity loss and impacts on surrounding eco-systems.	The Bank's appraisal process considers all positive and negative impacts resulting from the proposed Project.
Renewables	The Bank should prioritize the development of projects which harvest sources such as solar, wind and geothermal energy, but consider carefully any hydro power plant or biomass-related project. We also encourage the Bank to avoid financing any large hydro-power plant.	The Bank assesses all potential renewable energy projects, recognising the scale of investment needed to meet targets in this sector. Any such project, including any hydropower project, must however meet the environmental and social requirements of the ESP.
Renewables	The Bank notes on page 26 of its ES that "amongst the Bank's CoOs almost all have adopted renewable energy targets and in many, commercial-scale projects are now operational". In its engagement with national governments and other stakeholders the Bank should as far as possible help countries to meet these goals. Capacity building and training to this end may be useful, as well as information sharing about technological innovations and solutions.	Please refer to section 5.11.2 on strategic priorities in specific categories of countries. This includes supporting investments in those countries that contribute to their targets. TC support for renewable energy frameworks has been a major dimension of EBRD's operations in recent years, for example in Ukraine, Kazakhstan and throughout the Western Balkans.
Renewables	We suggest providing soft credit loans for financial support of renewables for the private and public	As a financial institution, EBRD lending is based on commercial terms and interest rates. At times the

Issue	Comment	EBRD response
	sector.	Bank uses donor funds to mobilise additional capital for financing investment projects as may be the case for renewables/SEFF programs.
Renewables	The ES states the commitment of the Bank toward enlarging the renewable energy systems along with smart metering and smart grids despite the financial, technical and market challenges. We do acknowledge this as a very positive step. However, we think that the development of renewable energies can only play a role towards reducing the GHG emissions in the case that new renewable energy generation facilities substitute the previous fossil fuel-based ones.	The Bank supports commercially viable renewable projects in the expectation that this will catalyse further such projects which will substitute for fossil-fuelled generation plants.
Renewables / Standards	What guidelines does EBRD follow on biomass sustainability? If the guidelines are not available, when will they be ready?	The key eligibility criteria for biomass energy projects is to ensure that the biomass fuel is of legal and sustainable origin and that the net carbon footprint of such projects is negative, i.e. the projects result in overall reduction of carbon emissions over the project life-cycle. EBRD is guided by the published EU sustainability requirements for the use of solid biomass and biogas in electricity, heating and cooling. EBRD's forestry/wood biomass supply requirements are at: http://www.ebrd.com/downloads/capital/FAQ.pdf. In practice biomass energy projects financed by the Bank to date have predominantly been based on recovering and utilising waste materials, such as agricultural and wood processing residues as fuel.
Rethinking energy systems	How does the ES deal with the fact that energy is part of many systems (financial, regulatory etc.) and project assessments carry the risk of relying on a single parameter and/or assessing impacts at a certain point in time (not taking all parameters of all systems in consideration).	The ES addresses this challenging problem by having an overall vision of the energy sector that emphasises the role of markets, and market-based and market-imitating structures, to deliver efficient outcomes. EBRD therefore assesses its projects for their contribution to that overall goal on the basis that in the long run this will deliver a sustainable and efficient sector.
Rethinking energy systems	How can EBRD contribute to the reversal of the 'balkanisation' of energy markets? What will it do to strengthen the integration of energy markets and to enable the sale of green certificates, electricity, demand side management services or voltage stabilization across borders?	As highlighted in sections 4.7 and 5.11.2, regional integration and supporting interconnected energy systems is a priority for the Bank which will continue to support the integration of energy markets through physical and regulatory infrastructure. The Bank's support for the Coordinated Auction Office in the Western Balkans is an example of this work in promoting greater integration of the energy markets in that region.
Rethinking energy systems	ES tries to define a unified strategy for more than 30 countries. This is misguided – EBRD should try to bring best technology and best ideas and adapt them to each individual country.	The ES recognises in Section 5.11 that the Bank will develop a specific strategy for the energy sector of each country of operation in that country's Country Strategy. This will naturally reflect the specific circumstances of that country such as the natural endowment, the historical structure of the industry, and the state of regulation. A common theme however is that despite differing priorities in each country, the Bank always supports the use of best international practice and requires projects in all countries to comply with BAT. The wording in the final Strategy has been amended to clarify this.
Rethinking energy systems	Electric grids, oil and gas interconnectors and storage systems are not sufficiently developed in	The ES recognizes that need to improve interconnections and energy storage in its region.

Issue	Comment	EBRD response
	the region; investing in these areas should be supported by EBRD.	Section 5.3 highlights that the Bank is committed to support market-enabling infrastructure, including the infrastructure used for the transport, transmission, distribution and storage of energy.
Rethinking energy systems	EBRD has many tools to influence country's energy policies and the development of research, both into conventional and renewable energy. If there is no opportunity for the Bank to make direct investments, it should stimulate investments from other donors.	The Bank shares its experiences and works jointly with donors and other financial institutions to finance and stimulate investments.
Rethinking energy systems	EBRD should continue to implement a funding policy that supports the policy decisions of national governments as to the source of energy they want to use and to develop, based on their economic, technical and natural resources. The Bank should focus on objectives achievable in the short-to-medium time, besides long term goals.	EBRD strongly encourages countries to have concrete energy policies including policies to support renewable energy and energy efficiency.
Role of LNG	The ES touches on the role of LNG in ensuring security of supply in SEMED and Baltic countries but does not say how EBRD is going to work in developing a framework and encouraging facilities to import / promote LNG. How is EBRD going to support infrastructure in countries that have no gas infrastructure?	EBRD is supporting gas infrastructure projects including LNG import/ export terminals to encourage the diversification of supply. For countries that have no gas infrastructure, the Bank will support development and expansion of national infrastructure, cross border pipelines and may provide technical assistance to governments for feasibility studies and regulation.
Role of LNG	The Bank should reconsider the statement on liquefied natural gas (LNG) "The Bank will similarly encourage the development of LNG supply infrastructure and address shortfalls in gas storage capacity, both of which play an important role in the diversification of energy sources and in the creation of a single market for natural gas." Energy diversification should not be reached through fossil fuel use.	The Bank considers diversification to refer to all types of energy resources provided their impacts are properly assessed. Please note also our answers on energy security and the importance of gas in both reducing carbon emissions from conventional generation and facilitating greater penetration of renewable energy.
Security of supply	ES should recognize that markets do not adequately deliver security of supply.	The Bank recognises that ensuring that energy markets deliver security of supply as well as energy itself is a complex issue but believes that if properly structured markets can deliver this goal. Depending on the circumstances, there will be a greater or lesser role for governments in ensuring that this is addressed. In all cases however the Bank supports structures that are market-based or market-imitating to ensure that security of supply is delivered as efficiently and transparently as possible. This may include for example support for market coupling, capacity markets or auction mechanisms.
Sensitive regions	The ES should make a statement that it will not finance production and transportation of HCs in the Arctic regions. Support of such projects is contradictory to the mission of the Bank, and it would sustain an image of Russia as a 'resource extracting colony'.	The Bank has never been approached with a project for financing in the Arctic region.
Sensitive regions	EBRD should give up financing any projects which directly or indirectly have a negative impact on special restricted and protected areas and UNESCO sites. EBRD should use and define no go zones.	The Bank does not support any project in an area where this is prohibited by national or international legislation. In other areas the Bank takes the view that some developments can be permitted to take place within protected areas, depending on the nature of their designation, and provided that the proposed development does not compromise the

Issue	Comment	EBRD response
		conservation objectives for which the protected area was established.
Smart infrastructure	ES should recognize that new technology, information communication technologies, greater transparency of costs, as well as opportunities to improve the efficiency of electricity systems could be additional key initiatives of smart infrastructure.	The wording in the ES has been amended to reflect this. As outlined in section 5.4, the adoption of innovative business models and advanced technologies is essential to deliver the resource efficiency and low-carbon goals promoted throughout this Strategy. The Bank will therefore focus on investments in smart networks, including smart metering, improved use of information and communication technologies, and support measures to improve price transparency and energy savings behaviour as well as the absorption capacity of networks for intermittent power and flexible backup capacity.
Smart infrastructure	EBRD should invest in projects related to the introduction of smart grids and to energy storage to help balance electricity networks.	
Smart infrastructure	The importance of smart grids in the ES is welcome, but ES should go beyond the use of smart meters.	The Bank recognises that smart grids involve much more than smart meters and supports the full range of grid investments – the ES has been amended to reflect this.
Smart infrastructure	It would be good to consider underground power cables instead of overhead transmission lines in projects.	Comment noted.
Smart infrastructure	Interconnectors are central to wide scale deployment of renewable energy. The Bank should prioritize the thorough integration of renewable energy in regional energy markets so as to limit the need for fossil fuel based back-up capacities. However interconnections should support electricity trade and not predominantly import of renewables and coal-based electricity.	The Bank has long supported investments in transmission and distribution and over 2006-2012 these two sub-sectors have constituted 27% of the Bank's investments in the electricity sector. As highlighted in Section 5.3 the Bank will continue to regard this as a high priority, especially given the importance of networks in promoting efficiency and facilitating renewables penetration. The Bank will support cross-border energy transportation and transmission projects, especially where they break down barriers to regional and international trade.
Smart infrastructure	The strategy gives sufficient information on smart grids and their key role. There is however no information in the ES about transboundary grids/ interconnectors between countries that could sustain such grid interconnections.	
Smart infrastructure	Physical infrastructure (electricity transmission and distribution, natural gas pipelines and other facilities, LNG facilities, etc. and "soft" infrastructure (regulations, regulators, institutions) are very important and should be supported. EBRD should support the cost effective development of supply both by enhancing the efficiency of production, transmission, transportation and distribution and through the development of a diversified supply structure. EBRD should invest in the development of smart grids, best practices in the HC sector, investing in advanced technologies and business models etc.	The Bank will support the expansion and strengthening of gas and electricity distribution networks, as well as the introduction of sophisticated metering technology to increase the information and control opportunities for both consumers and suppliers. Please also refer to the answer above.
Smart infrastructure	More specific criteria are needed in defining what the Bank considers as smart grids and distributed generation.	Distributed generation refers to small scale generating plants that are connected to distribution networks and/or generate electricity at the location where a significant portion of their generation is consumed. Smart grids generally refer to a modernized electrical grid which uses information and communications technology to act in an automated fashion on energy consumption and supply information.

Issue	Comment	EBRD response
Smart infrastructure	Instead of support of large export oriented transmission projects, the EBRD should concentrate on support of electricity distribution networks.	The EBRD will support both distribution and transmission projects. Cross-border energy transportation and transmission projects are important to improve regional trade, strengthen markets and ultimately improve security of supply.
Social aspects	In certain CoOs, land use acts do not require any strategic environmental and social assessment of projects. EBRD should stop financing such projects, when they are not in compliance with human, environmental, social rights and social justice issues.	All EBRD Projects must comply with the ESP where both local and EU legislation are used as a benchmark. If a project, no matter the location, would require an environmental and social impact assessment under the guidelines and requirements of the EU, then the Bank requires such a study irrespective of local permitting requirements.
Social aspects, affordability	Energy poverty is a crucial issue in the Western Balkans: 60 % of the population in Serbia is energy poor and a similar number across the region. The Bank should take this into account in its ES.	EBRD takes energy poverty extremely seriously and affordability is one of the three key challenges identified in the ES. EBRD believes that supporting investments that promote more efficient energy markets will ensure that energy is delivered at the lowest possible cost and that energy efficiency measures are properly rewarded. A transition to cost-reflective pricing must be combined with government efforts to mitigate the impact of price rises through energy efficiency policies, transparent, competitive price discovery and measures to protect vulnerable consumers. EBRD works with governments to see how energy affordability can be appropriately addressed through social policy.
Social aspects, affordability	The Bank needs to better analyse the social impact of cost-reflective prices on households and define best actions and timelines accordingly.	
Social aspects, affordability	The ES mentioned consumers' affordability and unreliable energy, but what does EBRD do to address social issues?	Affordability concerns are best addressed through social policy where the state uses direct intervention to protect the most vulnerable consumers in society, including by helping them to reduce their consumption. Energy markets should not be used as a vehicle to deliver social policy. In section 5.8, the Bank recognises that different sections of the community use energy differently and that therefore the impacts, both positive and negative, of sector reforms and the Bank's projects are unlikely to be uniform but to be differentiated by reference to characteristics such as gender, age, wealth and whether urban or rural. The Bank will take account of this differentiation in its project assessment and, where appropriate, will include in its activities, awareness raising components to ensure that all sections of the community are properly informed and empowered in relation to their energy use.
Social aspects, affordability	EBRD should take GDP into consideration when prioritizing projects, giving countries with the lowest GDP per capita the highest priority.	In 2004 the Bank launched a new initiative to increase its activities in ten Early Transition Countries (ETCs) - Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan. The initiative aims to stimulate market activity in these countries by using a streamlined approach to financing more and smaller projects, mobilising more investment, and encouraging on-going economic reform. The Bank will accept higher risk in the projects it finances in the ETCs, while still respecting the principles of sound banking. To increase its investments in these countries the EBRD has allocated more staff to work on ETC projects and has created a new team dedicated to the

Issue	Comment	EBRD response
		initiative. Overall however the allocation of the Bank's resources amongst its CoOs is determined by a range of factors, not simply relative GDP.
Standards and best practice	Agree with the transparency standards elaborated in the ES.	Comment noted.
Standards and best practice	Jordan does not have SEAs at national level to help the country develop environmentally friendly projects. Will EBRD support SEAs in its CoOs where they could be a useful tool for planning purposes?	EBRD recognizes the value of SEAs in project planning. EBRD has promoted and was involved in SEAs where it identified a particular need. For example the Bank supported a SEA for wind development in northwest Bulgaria as well as two strategic environmental reviews for renewable energy in Ukraine, and is undertaking a similar study in Kazakhstan. The Bank is also in discussion with the Jordanian authorities whether it would be appropriate to initiate such a project in Jordan and help with the strategic planning for developing renewable projects, notably wind projects in Jordan.
Standards and best practice	In Jordan, projects developed at national level do not typically follow international standards and the standards applied are less environmentally restrictive. Can EBRD help to introduce international environmental/social/emission standards in its CoOs?	EBRD requires both local and EU standards to be applied in all of its projects. Further, good international best practice from an EHSS point of view is also included in the project appraisal process in order that all Bank projects are judged to an equivalent standard, independent of location. In a number of countries the Bank is actively engaged in a policy dialogue with the government to improve national standards.
Standards and best practice	Welcome the reference to stringent environmental standards in relation to large hydropower and biomass, environmental and social standards. What will be those environmental standards?	The Bank is currently in the process of updating its ESP and its related Performance Requirements. The current ESP can be found under http://www.ebrd.com/pages/research/publications/policies/environmental.shtml. Under the current ESP EBRD requires compliance with the more stringent of local legislation and EU legislation. The Bank cannot fund a Project that does not meet both requirements. Please also see answer above under *Hydropower*.
Standards and best practice	The ES mentions that best practice international environmental, social and technical standards should be followed. Please consider also local standards. A project might meet all international criteria but some small domestic issues might stop or affect the programme.	
Standards and best practice	Does EBRD consider the qualification of construction workers and ensure that there is enough qualified construction workers to prevent delays or construction mistakes?	The Bank assesses the credibility of construction plans in its project due diligence. Under the ESP it requires contractors to comply with health and safety best practice.
Standards and best practices	The Energy Strategy should require the use of planning and assessment tools such as Integrated Resource Planning, full life-cycle accounting, greenhouse gas accounting and Low-Carbon Development Strategies to ensure that EBRD's activities are as low-cost, low-carbon, pro-poor, and sustainable as possible. The ES should (i) make clear that EBRD will support country-led strategic planning processes to enhance the evaluation of options and alternatives for energy sector development and (ii) require CoOs to use these evaluation and planning tools to ensure that the initiatives EBRD finances are the best options to maximize its sustainable development objectives.	The Bank's mandate and operational approach are based on the proposition that markets and market-imitating mechanisms are the best way to achieve efficient outcomes. The Bank's approach therefore promotes the development of markets, and in particular the spread of cost-reflective pricing that incorporates all externalities, rather than a reliance on centralised planning.
Standards and	The best practices in the world cannot make the HC	In the environmental and social area the Bank uses

Issue	Comment	EBRD response
best practice	sector compatible with addressing climate change. The Bank should explain more clearly what it means by 'best practices' and exclude any financing that entails expansion in production.	EU standards as its reference point for best practice. In other areas the Bank draws on generally accepted industry best practice as a benchmark.
Standards and best practices	The EBRD should ensure that all large investments in the power sector are required to comply with the environmental standards set out in the EU Industrial Emissions Directive (IED) and in the EU Large Combustion Plants Directive (LCPD).	EBRD does require for its power sector investments across all its CoOs application of EU standards, including application of the IED and the LCPD Directive.
Stranded assets	We recommend EBRD to pay close attention to the international debate on stranded assets and evaluating whether the Bank's funding recipients will be able to fulfil their obligations in a scenario where the international community decides to limit the use and extraction of fossil fuels in the not so distant future. Failure to take decisive action on fossil fuel funding could not only significantly damage the EBRD's reputation but also compromise the Bank's responsibilities to its shareholders. The Bank acknowledges on page 66 that "the energy sector has certain characteristics which require an approach that looks beyond an individual project to take into account the development of the entire system: assets are capital intensive and long-lived …" We encourage and support this approach. Short-term or quick return investments must be avoided, and therefore the Bank has to engage seriously with discussions on stranded assets and balance its investments with initiatives that champion sustainability and long-term returns.	Investments in the energy sector have a long lived, upfront, capital intensive nature, making the risk of stranded assets particularly acute and something the Bank considers carefully. This is why the Bank looks for investments which remain feasible in a range of different scenarios and are resilient to the likely shifts in the energy sector, whilst recognising that risk cannot be fully eliminated. EBRD focuses on identifying investments which are least susceptible to the risk of becoming stranded assets. In its project assessment, the Bank considers potential changes in market variables over time through sensitivity analysis. The Bank's investments are therefore typically characterised by the highest level of efficiency and their resilience to multiple scenarios.
Stranded assets	The energy sector strategy needs to analyse the 'carbon bubble' risk and address it: approximately 80 per cent of proven fossil fuel reserves need to stay in the ground if the 2 degree limit is to be achieved, thus up to 80% of declared reserves owned by the world's largest listed coal, oil and gas companies and their investors would be subject to impairment as these assets become stranded.	
Strategic Orientation	The ES contains the indicator "the participation of private capital", i.e. the share of privately owned energy sector assets. In the case of a municipally or state-owned projects which are managed by a private company, how will EBRD assess these projects? Are they counted as privately owned assets?	The Bank will measure and report these key metrics for each CoO by the end of the first half of 2014 and will also report on the methodology used for this evaluation. Where substantially all the economic risks and benefits associated with a publicly owned asset are transferred to a private sector operator under a PPP structure EBRD is likely to count these as privately owned assets.
Strategic Orientation	The ES should incorporate metrics and quantitative targets to enable EBRD to adequately evaluate its progress in meeting its strategic objectives. For example EBRD should disaggregate and quantify effects of energy sector interventions on the poor and develop ambitious quantitative milestones or targets for renewable energy and energy efficiency.	The Bank sets Bank-wide targets for sustainable energy (which covers energy efficiency and renewable energy) investment and carbon emission reductions in the SEI.
Strategic Orientation	EBRD should support the operational performance indicators (sub-section 5.11.3): - Private participation	Comment noted.

Issue	Comment	EBRD response
	- Cost-effective pricing - Energy efficiency - Carbon intensity - Interconnections / energy trade	
Strategic Orientation	The Bank's intention to assess a country's energy efficiency by measuring total primary energy consumption per unit of GDP is questionable, as it favours the de-industrialization of economies and a move to stronger service sectors, which does not improve the overall carbon footprint of an economy, even though its energy intensity suggests an improvement.	EBRD will measure both absolute energy consumption per capita and the total primary energy consumption per unit of GDP, adjusted for purchasing power parity.
Strategic Orientation	There needs to be at least one indicator on GHG emissions which is related not to GDP but to per capita levels of emissions or to absolute decreases/increases over a defined period of time, as global decreases need to be absolute, not only relative to GDP. Private participation and Increased exports cannot be satisfactory indicators. Jobs created per kWh of energy produced should be among the indicators used. This indicator will show the macroeconomic effects of investments in energy efficiency. We would recommend concentrating on outcome indicators, not process indicators.	The Bank has amended the GHG and energy indicators to measure them per capita as well as per unit of GDP. The indicators are chosen to reflect the Bank's goals which are in turn set by its transition mandate. This is the basis for measuring private participation and cross-border trade. The indicators are all outcomes, not inputs.
Strategic Orientation	*Private Participation* – This indicator should not be taken into consideration, at least in the EU and associated countries, especially where industry is state-owned. *Carbon Intensity* – This is misleading because countries with high GDP and very high emissions of CO2 will be in a better position than countries with low GDP, and low CO2 emissions. We propose complementing the indicators listed in Section 5.11.3, with two additional indicators: 1) GDP per capita, 2) CO2 emissions per capita.	
Subsidies	EBRD does not recognize the use of its funds to support upstream fossil fuel production or fossil fuel fired power plants as a subsidy. The G20/APEC commitment is to phase out consumer and producer subsidies, which includes donor country public funds used to support fossil fuels extraction. This should apply to subsidies provided by EBRD.	EBRD lending and investments are made on commercial terms and interest rates and do not accordingly qualify as a subsidy. Energy subsidies impede energy efficient behaviour throughout the region and EBRD works with Governments to reduce and remove these producer and consumer subsidies. The Bank will promote an environment where all prices are fully cost-reflective. In such an environment the private sector will invest in commercially viable, sustainable projects. Please also refer to the Box on Energy Subsidies in Section 4.7 of the ES.
Subsidies	The Bank's loans to fossil fuels can be regarded as subsidies according to the WTO's definition because they confer a benefit on the borrower. Much deeper exploration is needed of whether deep private sector participation in the energy sector in the EBRD's CoOs is even likely to continue to develop without subsidies.	
Subsidies	EBRD should proactively engage with CoOs to	EBRD works with Governments to reduce and

Issue	Comment	EBRD response
	phase out fossil fuels subsidies as committed by the G20 since 2009.	remove producer and consumer subsidies.
Supporting a cleaner transport sector	EBRD should work with CoOs to establish diesel vehicle standards and support countries in efforts to 'clean up' port infrastructure.	The Bank's Transport Strategy identifies the importance for the transport sector of shifting to higher quality fuels. In the energy sector, the Bank will support investments to increase the availability of high quality fuels. Please also refer to the Bank's Transport Strategy on the issue of port infrastructure and vehicle standards.
Supporting a cleaner transport sector	The ES mentions support for shifting to higher quality transport fuels. The ES should be more specific about achieving this through improving national regulation and supporting implementation of national norms for limiting fuel consumption and GHG emissions	
Supporting a cleaner transport sector	Would EBRD typically consider projects that increase fuel efficiency in transport? For example, would EBRD be interested in the UNDP/REC initiative that aims at stabilizing GHG emissions from road transport and doubling global vehicle's fuel economy?	The Bank would consider projects that increase efficiency in transportation. Please refer to the Bank's Transport Strategy.
Supporting a cleaner transport sector	In which way are efficient urban mobility measures parts of the EBRD Energy strategy?	The issues raised are addressed in the MEI Sector Strategy: www.ebrd.com/downloads/sector/mei/mei.pdf specifically Annex D, which covers urban transport.
Table of contents	The word coal does not appear in the ES index. EBRD should explicitly introduce a section on coal.	Comment noted. Please see updated section 5.6.3 of the ES.
Low Carbon Transition	The low carbon transition appears to be a central theme of the draft strategy but in the case of the fossil fuels sector, it only translates into a potential slight reduction in greenfield coal investments. This transition challenge clashes with the bank's general support for the HCs sector.	The Bank's support for the hydrocarbon sector prioritises the promotion of efficiency and best practices, both directly and through the introduction of market disciplines. This is consistent with the low carbon transition, in which energy efficiency is a central and essential component.
Low Carbon Transition	The EBRD fails to formulate a clear operational strategy (part 5) that is consistent with its analysis on the key challenge of climate change (part 3) and the need to engage in a low carbon transition (part 4). It does not translate in practice what the global limit of +2°C concretely means for the energy sector. Apart from a timid new approach for coal power plants, the omnipresence of EBRD commitments towards fossil fuels, especially oil and gas, in most parts of the operational approach (part 5) makes it doubtful whether the EBRD is actually changing its approach towards the HC sector – it is repeatedly focusing on best practices and BAT, which was already the case before, and there is no strategic shift. The ES fails to set a new low carbon strategy that should include the following elements: - ERBD to progressively reduce its exposure in the HC sector, ultimately leading to fossil fuel free energy investments; - EBRD to actively promote climate policy and regulatory frameworks in CoOs to mitigate climate change, including mandatory GHG emissions reduction targets, national de-carbonization roadmaps of the energy sector, carbon budget approaches, etc.	In the January 2006 - August 2013 period less than half of EBRD's investments in the power sector were in fossil fuels, whilst 31% were into renewable energy and 25% in transmission networks, distribution and smart grids. Where the Bank has invested into conventional generation, 42% of investments were in combined cycle and high efficiency gas generation plants, and 26% in Combined Heat and Power (CHP) plants that achieve overall efficiency levels far above those that can be achieved through separate generation. A further 10% of investments financed rehabilitation and efficiency upgrades at existing plants. These projects are extremely important in our region which has a legacy of legacy of coal-fired infrastructure. They help reduce levels of both GHGs and local pollutants. The hydrocarbon sector is part of the overall energy sector and EBRD investment and engagement are crucial in order to secure the efficiency gains and structural reforms that are essential to the low-carbon transition, including the pricing of the full cost of GHG emissions. Of the investments in the hydrocarbon sector, 24% were sustainable energy investments, in areas such as energy efficiency and gas flaring reduction whilst another 14% were investments into environmental improvements and remediation, including the removal of pollution or

Issue	Comment	EBRD response
	- EBRD not to support HC exploration and phase out HC extraction progressively, since proven fossil fuel reserves are already beyond climate capacity according to the IEA;	decontamination measures.
Low Carbon Transition	The EBRD must assess the long-term viability of conventional sources of energy in view of a more regulated environment and increases in energy prices. If the Bank wants to promote competiveness in the countries in which it operates, it should be aware that economies that are already highly carbon-intensive may be limiting their chances of increasing their long-term competitiveness, whereas developing low-carbon alternatives could offer a strategic advantage.	EBRD promotes a shift to a more competitive, open and market-oriented energy sector. In this context EBRD works with governments to ensure that energy prices capture all costs, including environmental costs and other externalities. In this way the Bank seeks to achieve competition between multiple actors as well as long term competitiveness.
Low Carbon Transition	If the Bank is to promote transition to a low-carbon energy sector in the countries in which it operates, energy efficiency must be at the centre of its energy strategy, alongside financial incentives for the development of a diverse portfolio of renewables. The Bank should carry out an extensive carbon audit of its current energy portfolio and set a carbon footprint benchmark for those potential energy projects that it plans to finance in the near future. The Bank's strategy to finance HC projects should then be set within the carbon emissions allocated to the energy sector by 2050.	As outlined in Section 5.11.2 the Bank will prioritise energy efficiency across all its CoOs. It will continue to assess projects on a case by case basis to determine whether or not they contribute to the Bank's transition goals.
Low Carbon Transition	The Bank acknowledges that there is "considerable uncertainty as to the future of carbon pricing and the role it will play in driving investment decisions in the energy sector" and this will characterize the Strategy period. The Bank's diagnosis rightfully takes into consideration concerns as to whether a cap and trade system can deliver globally. We agree with the Bank's analysis of carbon pricing but stress that such government-led initiatives are a clear signal that investors cannot afford to misread. We support the Bank's strategy of building institutional capacity and regulatory frameworks in order to help build a carbon market.	Comment noted.
Low Carbon Transition	The Energy Strategy defines EBRD's role in the energy sector as promoting the transition to the policies, assets, institutions, actors and regulations that comprise a market-oriented energy sector, which will in turn deliver sustainable, secure and affordable energy services. However, there is obviously a lack of analysis on some very important issues: - What is the overall impact of the EBRD previous investments on the improvement of energy efficiency, since energy efficiency can be regarded as one of the largest "resources" in many countries? - What is the impact of the investments regarding the energy security and affordability? - What is the impact of the investments on the emissions from energy industry?	The Bank uses transition benchmarks in every project to track its impact on a project by project basis. The Bank also tracks the positive CO2 emission reduction of projects considered as part of the SEI. Since 2006, the Bank has made over EUR 12.1 billion of sustainable energy investments under the SEI, over EUR 9.3 billion of these in supply and demand side energy efficiency. The cumulative GHG emission reductions of these SEI investments are 56 million tons of CO2e per year. By making significant investments in supply and also demand side energy efficiency and promoting renewable energy, energy sector investments have contributed estimated emissions reductions of 37 million tonnes of CO2 per year and energy savings of 16.5 million tons of oil equivalent per year. The strategic indicators identified in Section 5.11 will be used by the Bank in the coming Strategy period to try to identify on a larger scale the impacts

Issue	Comment	EBRD response
		of its investments on the energy sector.
Transparency	ES includes improved language on disclosure, but what concrete steps will be taken to ensure that clients will make this information available? Will a central database be available on EBRD website to disclose payments that companies make for extractive projects? This is particularly relevant because some of the EBRD's clients are not going to be covered by the emerging global transparency standard, and because presently the information is not easily retrievable on the EBRD website.	EBRD will require from all its clients a legal commitment to disclose payments, applying the most stringent requirements among the EITI (Extractive Industries Transparency Initiative), US regulation and EU Directives. In terms of implementation, there are two dimensions. The Bank will take a proactive approach in supporting the implementation at a governmental level, including by promoting disclosure of subsoil licenses and contracts and owners at a national level. At the company level, the Bank will require all its clients to disclose payments on their own websites or through their annual report. This is irrespective of whether the country of investment is covered by the EITI or not; or if the client is subject to the US or EU regulation or not. EBRD would not however disclose the payments made by its clients on its own website, as it is unable to take responsibility and liability for the information disclosed.
Transparency	There is no mention of contract transparency and disclosure and this is a step backwards in respect to EBRD's previous policies. The previous energy policy stated the importance of accountability of licence agreements, spoke of licenses that should be competitively and transparently allocated. There is no mention of this in the new ES. The mining policy states that "transparency over licenses attribution and revenue payments and receipts, together with transparent and enforceable contracts are indispensable for a country's civil society to hold a government accountable for the way national mineral assets are being developed and the revenues generated are being spent". There is no mention of this in this ES. The IFC's (International Finance Corporation) sustainability framework requires contract transparency from the IFC clients and that means full or abridged publication of the contracts. EBRD should support the new EITI standard and also make a commitment to support contract disclosure.	The ES has been amended to confirm EBRD is committed to applying the same standards and requirements as EBRD's previous policies. The ES also outlines EBRD's approach to disclosure of subsoil licenses and contracts, which goes beyond EBRD's previous policies. The Bank is committed to support the implementation of the new EITI standards and the EU and US regulations in all its CoOs. The Bank will support the disclosure of subsoil contracts and licenses through improvements in legislative and regulatory frameworks and will require the disclosure of these contracts and licenses from its clients going forward. The Bank also highlights its commitment to support the implementation of transparency and good governance across the energy sector, including revenue transparency, management of resources and supporting dialogue between governments, companies and CSOs.
Transparency	EBRD needs to disclose beneficial owners of the companies that it either finances or of those who do business with these companies. EBRD might lag behind EITI good practices unless EBRD addresses this point in the policy. EBRD should make this information – which it already collects – publicly available through a system of public dissemination.	The Bank only works with companies which operate in transparent jurisdictions which meet international best standards for tax cooperation and transparency as formalised in EBRD's Offshore Jurisdiction Policy and the Bank's Integrity Risks Policy. As part of its investments, the Bank will promote its counterparty's adherence to best corporate governance standards, international accounting standards and best anti-money laundering procedures. At the country level, the Bank will support disclosure of the ownership of subsoil contracts and licenses through improvements in legislative and regulatory frameworks.
Transparency	We applaud the EBRD for committing to require revenue disclosures on the basis of the most stringent disclosure standards as between the EITI principles, the SEC rule and the EU directives. We urge the EBRD to establish a plan to ensure	Comment noted.

Issue	Comment	EBRD response
	compliance with the requirement and to dedicate sufficient resources to the implementation of the plan.	
Transparency	The progress on revenue transparency has unfortunately not been accompanied by any progress on contract transparency for extractive sector projects. We urge the EBRD to revisit the issue and to implement a clear and robust contract transparency requirement in line with international good practice in the area (e.g. IMF, EITI and IFC policies).	The ES has been amended to outline EBRD's approach to disclosure of subsoil licenses and contracts. The Bank will support the disclosure of subsoil contracts and licenses through improvements in legislative and regulatory frameworks and in line with the EITI standards and requirements. The Bank will also require the disclosure of these contracts and licenses from its clients going forward.
Unconventional Oil and Gas	The role of the EBRD should be to promote a better understanding of unconventional gas resources through studies, promote a better assessment of environmental risk and mitigating those risks in relation to unconventional gas.	EBRD does not get involved in projects at exploration stage and therefore does not fund any scientific and technical research. The Bank will develop an approach in the area of unconventionals that achieves transition impact, subject to compliance with domestic legislation and the highest international standards including the Bank's ESP.
Unconventional Oil and Gas	Environmental risks in oil/gas, especially unconventional oil and gas are not identified by the ES. EBRD should properly assess these risks. EBRD should not fund shale gas investments	Whenever a project is considered, the Bank reviews all environmental risks and concerns in detail through the application of its ESP. Unconventional oil and gas projects as with other potentially environmentally harmful projects will be assessed through the Banks' ESP and its related Performance Requirements which include the tools to analyse all environmental risks. The Bank will develop and propose an approach in the area of unconventional oil and gas depending on each country's decision regarding the development of unconventional oil and gas, and subject to complying with local legislation, the highest international standards including the Bank's ESP and its related Performance Requirements.
Unconventional Oil and Gas	What is the EBRD approach to unconventional gas?	Please refer to answer above.
Unconventional Oil and Gas	Shale gas processing has negative environmental impacts. The ES should highlight these negative consequences and EBRD should be very careful about financing shale gas production.	There are legitimate environmental concerns associated with the development of shale gas deposits. When considering an approach to unconventionals, the Bank will take the environmental consequences into account, as well as ensuring compliance with EU legislation, international best practices and the ESP. Please also refer to answer above.
Unconventional Oil and Gas	The EBRD's draft energy strategy leaves the possibility to invest in the highly controversial shale gas. From our point of view, this is a step back as shale gas has proven negative social and environmental impacts. EBRD energy policy draft says that high oil prices and improvement techniques have also prompted to exploiting more and more remote and challenging resources. Taking carbon budget into account, we must add that new founded resources are risky and even "unburnable". Funds for energy efficiency and energy renewables will be displaced to a new available and burnable fossil fuel.	Please also refer to answer above
Unconventional	The draft says, referring to the US case, that there	Please also refer to answer above

Issue	Comment	EBRD response
Oil and Gas	is considerable uncertainty about the extent to which similar developments will occur in other countries, (...) however that one or more of the Bank's CoOs will wish to exploit reserves of unconventional oil and gas on a commercial scale in the coming years. EBRD position is ambiguous at this point. The draft recognizes the technical, regulatory and social concerns of shale gas but at the end of the day, it seems like it is leaving an open space for a pragmatic approach that could lead to explore and exploit shale gas if that is the country's preference.	
Unconventional Oil and Gas	Improving shale gas legislation should be one of the priorities for the ES in Ukraine.	Please also refer to answer above.
Waste to energy	The production of energy from waste is used in waste incineration plants and in the cement industry. What is the EBRD's strategy regarding the financing of waste to energy projects?	Depending on market viability and maturity, the Bank's municipal infrastructure sector department seeks to develop solid waste projects which reduce the amount of waste which is ultimately landfilled by capturing value through waste to energy approaches. Also, as part of its energy audit programme, the Bank helps companies identify profitable energy efficiency investments, including also waste-to-energy applications. Through this and other programs the Banks helps identify viable municipal waste to energy projects, and for example industrial waste recovery systems.

3. LIST OF STAKEHOLDERS CONTRIBUTING COMMENTS

Name of Organisation	Type
350.org	CSO
9593 individual emails received as part of the Price of oil campaign	Other
A2A S.p.A.	Company
AF Consult Russia	Company
Alstom Holdings	Company
Analytica	CSO
Andre and Eva Huck	Other
Anglo American Thermal Coal	Company
Association of Young Environmental Lawyers and Economists Armenia	CSO
Belgrade Fund for Political Excellence	CSO
BirdLife International	CSO
Bloomberg New Energy Finance	Company
Bogazici University Turkey	Academia
Both ENDS	CSO
Carbon Disclosure Project	CSO
CEE Bankwatch Network	CSO
Center for environment	CSO
Central Europe Energy Partners	CSO
Centre for European Reform	Other
Climact	Company
Climate Action Network	CSO
Climate Strategies	CSO
Crescent Capital	Company
E3G United Kingdom	CSO
ECA Russia	CSO
EDEN Center	CSO
EDF Group	Company
Edison	Company
Ekoforum of Uzbekistan	CSO
Energix Strategy Ltd.	Company
Energy traders association	Association
ENTSOG	CSO
Environmental Policy Institute Russia	Other
EURACOAL	Association
European Economic and Social Committee	Public entity

Energy market regulatory authority, Turkey	Public entity
Individual expert, Egypt	Other
GreenNet	Association
Greenpeace Germany	CSO
Greenpeace Russia	CSO
Grupa Lotos	Company
Industrial Development Agency JSC (IDA)	Company
International Confederation of Energy Regulators	Association
InterRAO-WorleyParsons	Company
Japan Coal Energy Center	Association
Kosovo Civil Society Consortium for Sustainable Development	CSO
Local Agenda 21 for Kostolac - Municipality	CSO
MANS	CSO
MyESCO Macedonia	Company
National Ecological Centre of Ukraine/CEE Bankwatch network	CSO
Observatori del Deute en la Globalització	Other
Otka Crude Oil Refinery	Company
Oxfam	CSO
Peabody Energy	Company
Individual expert, Germany	Other
PETFORM Petroleum platform association	Association
Public Council on Renewable and Clean Energy, Armenia	CSO
Regional Environmental Center for Central Asia	CSO
Regional Environmental Centre for Central and Eastern Europe, Country Office Turkey	Other
Revenue Watch Institute	CSO
SEE Change Net, Bosnia and Herzegovina	CSO
SEE Sustainable Energy Policy	Other
SHELL	Company
Sierra Club	CSO
Solar Energy Development Association (SEDA)	Association
Sustainable Center for Ecology and sustainable development	Association
TEMA Foundation	CSO
The Chugoku Electric Power Co., Inc., Japan	Company
The Royal Society for the Conservation of Nature	CSO
Tunisian Association of Renewable Energy (TARE)	Association
Turkish energy market regulatory authority	Public entity
Ukrainian Bioenergy Association	Association
Ukrainian Network of Energy Efficient Cities	Association

Ukrainian Wind Energy Association	Association
University "Sts Cyril and Methodius", Skopje Macedonia	Academia
Urgewald, Germany	CSO
World Alliance for Decentralized Energy	Association
World Coal Association	Association
WWF European Policy Office	CSO
WWF Hungary	CSO
WWF Russia	CSO

4. LIST OF ORGANISATIONS FUNDED TO ATTEND A PUBLIC CONSULTATION EVENT

Name of Organisation	Country
Belgrade	
University “Sts Cyril and Methodius”, Faculty of Mechanical Engineering	Macedonia
Center for Climate – Change, Skopje	Macedonia
Ekovizioni	Kosovo
Analytica	Macedonia
Center for Environment	Bosnia and Herzegovina
Istanbul	
Individual expert	Egypt
Tunisian Association of Renewable Energies (TARE)	Tunisia
Solar Energy Development Association (SEDA)	Egypt
The Royal Society for the Conservation of Nature	Jordan
Moscow	
Ukrainian Wind Energy Association	Ukraine
Association of Young Environmental Lawyers and Economists	Armenia
Ukrainian Bioenergy Association	Ukraine
Ecoforum of Uzbekistan NGO	Uzbekistan
Public Council on Renewable and Clean Energy	Armenia
Ukrainian Network of Energy Efficient Cities	Ukraine
Regional Environmental Center for Central Asia	Kazakhstan