

The EIB and EBRD have been channelling billions of euros in public money to fossil fuels dependent companies, hampering the international community's efforts to tackle climate change.

After the signing of the Paris Agreement on tackling climate change, international public financing for coal-based electricity has become indefensible. And yet, major European public banks, including the European Investment Bank and European Bank for Reconstruction and Development, have found a way to continue supporting the biggest polluters.

Every year, billions of euros are being transferred to fossil fuels-based energy corporations, thus effectively helping them sustain outdated energy systems against the economic and environmental interests of their customers.

A recent Bankwatch analysis showed that since 2013 the EIB has provided €3.9 billion to a number of coal-based energy companies, despite them having no plans to decarbonise. Similarly, the EBRD has extended unconditional loans to utilities which continue to develop new coal power capacities.

In Serbia, for example, EBRD investments in the national power utility Elektroprivreda, a company which dominates lignite mining and generates almost all of the country's electricity, were supposed to bring environmental improvements.

In reality, however, the company's energy-related greenhouse gas emissions have increased in recent years despite EBRD and EIB loans. And it keeps opening new mines to fuel its polluting coal power plants.

Both banks also regularly support Polish state energy companies such as Energa, PGE and Enea. Billions of euros intended to help the companies expand electricity grids, have in practice freed up cash for new coal power plants and other dirty investments.

In 2016, Energa and Enea decided on a joint investment in new, 1,000 MW coal capacities. A tender for the construction of the Ostrołęka coal-fired power plant has already been completed.

In 2017, after Energa received EIB and EBRD loans for issuing of hybrid bonds for grid development, the company cancelled old contracts with renewable energy producers.

Earlier in 2016, Energa and PGE invested €115 million each in the newly established Polish Mining Group, now the EU's biggest hard-coal miner.

PGE, Poland's largest coal-heavy utility, is also one of the biggest polluters in Europe. Its Belchatow power plant alone emits as much mercury into the air as Spain's entire industrial sector.

But make no mistake - the company has no plan to comply with the Paris Agreement. Its capital expenditures in renewable energy decreased by 44% in 2017 compared to the year

before, and it is currently developing new coal capacities and modernizing its existing, old coal fleet.

Some of the EBRD and EIB loans for grid expansion were supposed to facilitate renewables connectivity but this is only part of the picture. A small part indeed. Our analysis has found that out of a total of €1.5 billion the EIB has extended to Polish electricity utilities between 2013-2017, less than 1% was spent on renewable capacity or grid enhancement for renewable energy.

This is all the more surprising since the companies have been recently struggling with the increase of carbon price which is still expected to rise. Their customers will eventually bear the cost.

These cases illustrate that Europe's public banks must apply stricter due diligence in the interest of the environment and society. No loans should be granted to companies which intend to develop new coal-based heat and power capacities and which do not develop decarbonisation plans aligned with the Paris Agreement.

Source: bankwatch.org