DOCUMENT OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

ENERGY SECTOR STRATEGY 2019-2023

REPORT ON THE INVITATION TO THE PUBLIC TO COMMENT

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ABBREVIATIONS AND ACRONYMS

ALM	Almaty consultation
B2DS	Beyond 2°C Scenario
BEL	Belgrade consultation
CAS	Casablanca consultation
CCGT	Combined cycle gas turbine
CCM	Carbon Capture and Management
CCS	Carbon Capture and Storage
CCS/U	Carbon Capture and Storage/Usage
CDR	Carbon Dioxide Removal
CHP	Combined heat and power
CIRAIG	International Reference Centre for the Life Cycle of Products, Processes and Services
CO2	Carbon Dioxide
CO2e	Carbon dioxide equivalent
COOs	Countries of Operation
CSOs	Civil society organisations
CSR	Corporate Social Responsibility
DM	Demand management
EITI	Extractive Industries Transparency Initiative
ENTSO-E	European Network of Transmission System Operators for Electricity
ESP	EBRD's Environmental and Social Policy
ESS	Energy Sector Strategy
EV	Electric vehicles
FiT	Feed-in Tariff
GCAP	Green City Action Plans
GCMCE	Global Covenant of Mayors for Climate & Energy
GDP	Gross Domestic Product
GET	Green Economy Transition
GHG	Greenhouse Gas
GrCF	Green Cities Framework
GW	Gigawatt
HPP	Hydropower Plant
IFC	International Finance Corporation
INDCs	Intended nationally determined contribution
IPCC	Intergovernmental Panel on Climate Change
IPIECA	The global oil and gas industry association for environmental and social issues

IST	Istanbul consultation
KIE	Kiev consultation
LNG	Liquefied natural gas
LON	London consultation
LPG	Liquefied Petroleum Gas
MEI	Municipal and Environmental Infrastructure
MoSEFF	Moldovan Sustainable Energy Financing Facility
MRV	Monitoring, Report and Verification
NDCs	Nationally Determined Contributions
NERP	National Environmental Reduction Plan
O&M	Operation & Maintenance
PCM	Phase change material
PRs	EBRD's Performance Requirements
R&D	Research & Development
RE	Renewable Energy
RES	Renewable Energy Sources
SDGs	Sustainable Development Goals
SDS	IEA's Sustainable Development Scenario
SEE	South-east Europe
SEIA	Strategic Environmental Impact Assessment
SMEs	Small and medium-sized enterprises
TANAP	Trans-Anatolian Natural Gas Pipeline
TAP	Trans Adriatic Pipeline
TCFD	Task Force on Climate-related Financial Disclosures
TPES	Total primary energy supply
UNDP	United Nations Development Programme
WAR	Warsaw consultation
WRI	Written comments

1. INTRODUCTION

The objective of this report is to provide an overview of the public consultation on the draft EBRD Energy Sector Strategy 2019-2023 (the "Strategy" or "ESS"). The report summarises key comments received from stakeholders during the consultation period, provides the EBRD's responses, and notes revisions to the draft Strategy as applicable.

The final Strategy will replace the previous Energy Sector Strategy 2014-2018, approved in 2013. Under the new EBRD Energy Sector Strategy for the period 2019-2023, the Bank will provide finance, technical cooperation and policy dialogue to promote secure, affordable and sustainable energy through the transition to a market-oriented low-carbon and innovative energy sector. The ESS applies to all of the Bank's countries of operations and covers the EBRD's activities in electricity generation, transmission, distribution, storage and supply, as well as hydrocarbon extraction, processing, transportation, distribution, storage and supply. Hydrocarbons for this purpose include oil, gas (including hydrogen) and thermal coal.

The Strategy interfaces with other EBRD strategies, including country strategies as well as sector and institutional strategies (e.g. the Strategy for the Promotion of Gender Equality and the Economic Inclusion Strategy), EBRD policies (e.g. the Public Information Policy and the Environmental and Social Policy) and other initiatives and approaches (e.g. the Green Economy Transition approach) and is aligned with the Bank's overall transition mandate.

In accordance with the Bank's Public Information Policy, the EBRD invited the public to comment on the draft Strategy. The draft Strategy was disclosed from 25 September 2018 until 9 November 2018 in the English language, on the following EBRD's website: www.ebrd.com/strategies-and-policies/have-your-say.html. The Strategy was also translated into Arabic, Russian and Turkish.

The EBRD widely notified stakeholders of the publication of the draft Energy Sector Strategy. The draft Strategy was shared directly with key partners and stakeholders, including national and international civil society organisations (CSOs) private sector representatives, industry and business associations and government institutions, as well as consultants and bilateral or multilateral development institutions.

In addition to soliciting written comments, the EBRD organised the following seven (7) public consultation events:

- 3 October 2018: Istanbul, Turkey
- 9 October 2018: Warsaw, Poland
- 11 October 2018: Almaty, Kazakhstan
- 16 October 2018: London, United Kingdom
- 19 October 2018: Belgrade, Serbia
- 25 October 2018: Kiev, Ukraine
- 30 October 2018: Casablanca, Morocco

2. SUMMARY OF THE CONSULTATION PROCESS

Information about the public consultation process was posted on the EBRD webpages and a wide range of stakeholders was notified about consultation opportunities. Over 3,400 civil society organisations were invited to provide comments and engage with the Strategy through targeted notifications of the consultation process. The consultation was undertaken through: a) public consultation meetings; and b) written comments. The consultation meetings focused primarily on civil society stakeholders (including NGOs, academia and research centres), as well as private sector representatives, industry and business associations. Before the publication of the draft Strategy document, a number of meetings with CSOs, sector experts and private sector representatives were organised to provide an early opportunity for stakeholders to provide their input on the Strategy concept. Annex I includes details of the stakeholders consulted during the public comment period.

PUBLIC CONSULTATION MEETINGS

The EBRD invited comments on the draft Strategy in seven public consultation meetings. Mainly, a broad range of civil society organisations and the private sector were present at the public consultations.

Table 1 below provides an overview of these meetings, including the number of participants present:

TABLE 1: LIST OF PUBLIC CONSULTATION MEETINGS

Date	Location	Number of Attendees
3 October 2018	Istanbul, Turkey	13
9 October 2018	Warsaw, Poland	17
11 October 2018	Almaty, Kazakhstan	10
16 October 2018	London, United Kingdom	7
19 October 2018	Belgrade, Serbia	31
25 October 2018	Kiev, Ukraine	43
30 October 2018	Casablanca, Morocco	5
Total:		126

A total of 443 targeted invitations were sent out to key stakeholders, which resulted in 126 attendees in the seven public consultation events.

The consultations in all six locations in the Bank's countries of operations were half-day events and followed the same agenda. The London meeting provided an additional opportunity, mainly for international CSOs, to discuss the draft Strategy in a focused format. The consultations started with a presentation of the draft Strategy that included the proposed operational approach of the Bank, the background and strategic context, rationale, scope and structure of the draft Strategy as well as an overview of the Bank's activities in the energy sector and lessons learnt. The main focus of the consultation sessions were plenary discussions and breakout groups where

participants had an opportunity to exchange views, request clarifications and provide comments and recommendations.

The breakout groups were dedicated to two topic areas:

1. Renewables: How can the share of renewables be scaled-up?
2. Hydrocarbons: EBRD's role in the transition away from coal?

Participants in each breakout group nominated a representative to present the key takeaways and recommendations to the EBRD at a closing plenary session.

WRITTEN COMMENTS

The draft Strategy was released in English on the EBRD's website on the 25 September 2018 and was available for comments until 9 November 2018, in line with the Public Information Policy, according to which the public is invited to provide comments to the Bank during a period of 45 calendar days. Written comments have been received from 26 stakeholders based in different regions and with various fields of expertise.

3. SUMMARY OF KEY THEMES AND TAKEAWAYS FROM THE CONSULTATION PROCESS

OVERVIEW OF KEY THEMES

The comments received in the course of the consultation period have been comprehensive and covered all aspects of the Strategy. A number of observations and recommendations were made by multiple stakeholders and/or multiple times. These key comments are summarised below, grouped by theme. **Annex II** presents a detailed table of all comments received during the public consultation process, including the input received in consultation meetings and via written submissions. Responses by the EBRD management are also presented. As per standard EBRD practice, the commentators' identities are not disclosed for confidentiality reasons; however, the names of the organisations are listed in **Annex I**.

Many comments received were about clarifications of the scope and strategic directions of the Strategy. A substantial number of comments related to the specificities of the country or region where the consultation was taking place.

The comments presented during the plenary sessions of the seven public consultation events, as well as those that were discussed in the breakout groups and reported back to plenary, cover a broad range of thematic areas and interrelate with a variety of economic, social and political parameters.

The comments have been grouped into 16 themes and are presented in alphabetical order:

1. Coal
2. Electricity grid infrastructure investments and interconnections
3. Electrification
4. Energy efficiency
5. Engagement with municipalities & local communities
6. General comments and observations
7. GHG emissions and environmental questions
8. Hydropower
9. Innovations and emerging technologies
10. Natural gas
11. Nuclear power
12. Oil
13. Renewables (excluding hydropower)
14. Social concerns
15. Tariffs and subsidies
16. Transparency & disclosure

Out of all comments received, over 20% focused on greenhouse gas (GHG) emissions and environmental questions; followed by 15% related to natural gas and 13% related to renewables (excluding hydropower, which is point 8).

The table below lists the shares of different themes in the comments received.

TABLE 2: COMMENTS RECEIVED GROUPED BY TOPIC	
Themes	**Percentage**
GHG emissions and environmental questions	20.4%
Natural gas	15.0%
Renewables (excluding hydropower)	13.0%
Coal	8.8%
General comments and observations	7.2%
Energy efficiency	6.7%
Innovations and emerging technologies	6.0%
Hydropower	4.9%
Oil	4.6%
Electricity grid infrastructure investment and interconnections	4.0%
Transparency & disclosure	3.2%
Engagement with municipalities & local communities	2.3%
Social concerns	1.6%
Electrification	1.1%
Nuclear power	0.9%
Tariffs and subsidies	0.4%
Total comments	100%

In preparing this summary, quantitative and qualitative methodologies were used in identifying and summarising the most important themes and takeaways that were identified during the consultation process.

SUMMARY OF TAKEAWAYS FROM THE CONSULTATION PROCESS

The key points made in the comments are summarised below.

- **Coal**. The move away from financing coal projects for all parts of the electricity value chain was supported by the vast majority of stakeholders consulted. Only few participants suggested that there may be some scope for financing of projects that would reduce pollution caused by existing coal assets (e.g. environmental remediation). However, most comments strongly suggested that no coal-related activity should be financed by the Bank.

  A significant number of comments related to the Bank's engagement with companies or utilities with coal portfolios and assets. Concerns were expressed that financing of such entities would indirectly support their coal related activities and it was proposed that the Bank should help companies decarbonise their portfolios and refrain from

financing coal-based utilities and companies that plan new coal plants or mining infrastructure (including lending through intermediates).

To assist coal-dependent countries in their transition, the Bank was requested to provide further assistance to coal-dependent regions and populations that could help mitigate social impacts, and in particular address energy security concerns, as well as skills mismatch and employment impacts.

- ***Electricity grid investments and interconnections.*** Participants emphasised the role of regional grid interconnections and markets in increasing regional flexibility and helping the integration of renewables. Moreover, it was stated that there is a need for increased investments in national electricity grids that could support the absorption of renewables. Furthermore, the use of new technologies and support for electrification were proposed as important areas of activity for the Bank.

- ***Energy efficiency.*** Many participants advocated the adoption by the Bank of the "Energy Efficiency First" principle as a tool in decision making on which projects would be financed. Moreover, it was pointed out that energy efficiency measures and potential for energy savings were not sufficiently reflected in the draft Energy Sector Strategy and that investments in energy efficiency should be a priority.

- ***Greenhouse gas emissions and environmental questions.*** Many stakeholders called for the Bank to prioritise alignment with the Paris Agreement. Many also suggested that the Bank should make investments consistent with low carbon pathways and/or scenarios consistent with 1.5°C and/or 2°C temperature increases.

  Participants noted that consistency of investments with current Nationally Determined Contributions (NDCs) will not be sufficient for achieving international climate goals. However, there was strong support for the Bank to assist in developing ambitious and meaningful NDCs from Countries of Operations (COOs).

  Decarbonisation was a major concern and while many parts of the draft Strategy were acknowledged as actively contributing to that goal (for example, the transition away from coal and the priority on financing of intermittent renewables) other parts were perceived as not (for example, the importance given to gas and the continued financing of oil).

  Participants also commented on the Bank's shadow carbon pricing methodology.

  A number of environmental questions were also raised by participants, including air and water quality, biodiversity and climate risk.

  Clarifications were requested on the Bank's policies on monitoring and reporting greenhouse gas emissions.

Finally, the Bank was encouraged to work with clients to implement decarbonisation plans and to enhance accurate monitoring and reporting of emissions. Specific requirements regarding the level of clients' carbon-intensive assets (including the client's coal portfolio, their use of polluting technologies and their decarbonisation initiatives) were proposed as a prerequisite of financing.

- ***Hydropower.*** There was a divergence of views on hydropower: a number of participants were in favour of the Bank's continued involvement in hydropower projects, while others did not consider that hydropower is a sustainable form of renewable energy. Concerns were raised about the adverse social and environmental effects of hydropower (particularly on water quality, ecological flow and biodiversity), and the need for diversification in countries dependent on hydropower.

- ***Financing for innovation and emerging technologies.*** Participants pointed out that there are many opportunities in financing innovation, particularly battery storage and hybrid systems. On the subject of Carbon Capture and Storage/Usage (CCS/U) technologies participants had divergent views, with some considering CCS technologies as a crucial tool in reducing emissions while others expressed the opinion that the benefit from such technologies, both in electricity generation and in industry, would only be marginal. The Bank's support was also requested in supporting electric vehicles and ensuring the sustainability of the transport sector.

  Natural gas. Many participants stated that natural gas is overemphasised in the draft Energy Sector Strategy.

  The role of natural gas as a transition fuel was questioned. While some stakeholders agreed that natural gas could have a potential role during a transition period, many civil society representatives did not. CSOs questioned the role of the EBRD in financing gas. Some CSOs suggested that the Bank should instead prioritise financing of preferable alternatives such as energy efficiency, battery storage and regional balancing markets. The risk of new gas investments crowding out investment in renewables was also emphasised.

  In the long term, the risk of carbon lock-in and/or stranded assets was pointed out, which could occur due to the significant cost and significant lifetime of natural gas projects. Moreover, issues of security of supply, particularly related to geopolitical concerns, were brought up in countries with no significant national gas reserves.

  However, the role of gas in increasing flexibility and addressing issues of intermittency of renewables was acknowledged. The role of gas in improving air quality was also noted. Some stakeholders also noted the potential for gas infrastructure to be used for green gas in the future.

  Consequently, views on the Bank's activities in the gas sector ranged from cautious support to not supporting any part of the gas value chain. The majority suggested that

the Bank's activities should be limited or excluded, particularly in light of the recent report of the Intergovernmental Panel on Climate Change on limiting warming to below 1.5°C.

- ***Nuclear power.*** Some participants expressed concerns about the possibility that financing safety improvements could extend the lifetime of existing nuclear plants.

- ***Oil.*** Some participants requested clarification on the criteria for the Bank's engagement in upstream oil development proposed in the Strategy. A significant number of participants expressed the opinion that the Bank should exclude oil altogether from financing.

- ***Renewables (excluding hydropower).*** Participants noted that the focus on renewables is not presented in a sufficiently clear manner in the draft Energy Sector Strategy.

  On investments in renewable energy projects, participants commended the Bank's investment approach over the past few years and encouraged the Bank to further increase financing. A significant number of participants advocated for the Bank's greater involvement in small-scale and distributed renewable generation projects, as well as renewable energy for heat. Some participants also suggested that the Bank should work more closely with municipalities and local communities.

  Many participants emphasised that the Bank should focus more on policies that support the sector. According to some, the Bank's interventions could help provide policy certainty, which was considered as a key priority, while the preferable policy to support renewables (subsidy-based or competitively procured) was discussed. The Bank should also do more to increase awareness of the benefits of renewable energy solutions.

  On bioenergy, various opinions were expressed. Concerns were raised about the sustainability of bioenergy. Concerns were also raised regarding the air quality impact of biomass combustion. However, bioenergy was proposed as an alternative to gas on the grounds of flexibility by some participants. The abundance in many countries of operations of biomass was emphasised.

- ***Social concerns.*** Participants highlighted the social impacts of the transition to decarbonised economies – in particular, the impact on workers and communities reliant on fossil fuel industries. The issues of energy poverty and affordability were frequently raised.

- A number of **other issues** were brought up:
  - A renewables-driven electrification strategy is aligned with the Paris Agreement, provided that electricity can be generated from non-emitting sources.

- On transparency and disclosure, the Bank was encouraged to promote and support the Extractive Industries Transparency Initiative (EITI) for its COOs.
- Concerns were raised about hidden subsidies and artificially low tariffs in the energy sector – particularly in relation to their impacts on inhibiting investments in renewable energy and energy efficiency. Participants requested the Bank's technical assistance on identifying them and policy support in abolishing them.
- Various proposals were made regarding the Bank's engagement at the country-level, with most participants advocating for continued support to policy engagement and increased technical assistance and capacity building initiatives.
- Many comments, proposals and suggestions were related to issues outside the scope of the draft Energy Sector Strategy (typically relating to the Municipal and Environmental Infrastructure or Transport sectors, or specific countries).

To summarise, the draft Energy Sector Strategy was generally positively received during the public consultation process. The Bank's decision to transition away from coal and its support to renewables were commended and consultation participants supported the strategic directions of the Bank's investments in the energy sector as proposed in the draft Energy Sector Strategy. The main points of contention related to the Bank's support for natural gas and its misalignment, in the view of some stakeholders, with more ambitious decarbonisation and emission-reductions (in line with international climate goals).

4. EBRD RESPONSES

This report contains both the written submissions received by email from stakeholders and the comments discussed verbally during the public consultation meetings. These comments have been reviewed by the EBRD and, where applicable, changes have been incorporated in the Strategy.

Annex II contains a detailed list of the comments collected from stakeholders as well as the EBRD's response to each point. Comments are listed in **alphabetical order of the themes**, along with EBRD responses**.**

The Bank is appreciative of the time and effort made by many stakeholders to help improve the document. The EBRD thanks all contributors for their comments.

ANNEX I - LIST OF ORGANISATIONS THAT PARTICIPATED IN PUBLIC CONSULTATION MEETINGS OR SUBMITTED WRITTEN COMMENTS

No	Organisation	Country	Participated
1	AES Bulgaria	Bulgaria	WRI
2	Association Energies Renouvelables Developpement Durable et Solidarte	Morocco	CAS
3	Association for Farmers Rights Defence, AFRD, Georgia	Georgia	KIE, WRI
4	Association for Sustainable Development	Serbia	BEL
5	Association Innovative Development	Bulgaria	WRI
6	Association of Business Women of Kazakhstan	Kazakhstan	ALM
7	Association of Gas Producers of Ukraine	Ukraine	KIE
8	Aster Law	Ukraine	KIE
9	Balkanka Association, Sofia, Bulgaria	Bulgaria	BEL
10	BCSD Turkey (Business Council for Sustainable Development Turkey)	Turkey	IST
11	Belgrade Open School	Serbia	BEL
12	Bioenergy Association of Ukraine	Ukraine	KIE
13	CAN Europe	Turkey	IST
14	CEE Bankwatch Network	Poland	WAR
15	CEE Bankwatch Network	Croatia	BEL
16	CEE Bankwatch Network	Czech Republic	WRI & LON
17	CEKOR, Serbia	Serbia	BEL
18	Center “Globus”, Kazakhstan	Kazakhstan	ALM
19	Center for Environment (Bosnia and Herzegovina)	Bosnia and Herzegovina	WRI
20	Center for Environment/Centar za životnu sredinu	Bosnia and Herzegovina	BEL
21	Center for Environmental Solutions, Belarus	Belarus	KIE
22	Center for Promotion of Sustainable Development	Serbia	BEL
23	Center for Promotion of Sustainable Development - Balkan Green Energy News	Serbia	BEL
24	Centre for Global Studies “Strategy-XXI”	Ukraine	KIE
25	Chatham House	United Kingdom	WRI

26	Christian Aid	United Kingdom	WRI
27	Crescent Capital	Turkey	IST
28	DiXi Group	Ukraine	KIE
29	DOOR (Society for Sustainable Development Design), Croatia	Croatia	CAS
30	DP “Siemens Ukraine”	Ukraine	KIE
31	DTEK	Ukraine	KIE
32	E3G	London	WRI, LON
33	EBA - European Business Association	Ukraine	KIE
34	Ecoaction/CEE Bankwatch Network	Ukraine	KIE
35	Ecolur NGO / Bankwatch Network, Armenia	Armenia	WRI, KIE
36	Economics Institute	Serbia	BEL
37	EIG Engineering	Ukraine	KIE
38	Ekomed Public Union, Baku	Azerbaijan	KIE
39	Emsolt Investment ltd	Ukraine	KIE
40	Enel Green Power	Morocco	CAS, WRI
41	Engineers Ltd	Ukraine	KIE
42	European-Ukrainian Energy Agency	Ukraine	KIE
43	Expert Petroleum	Romania	WRI
44	ExPro Consulting	Ukraine	KIE
45	Faculty of Electrical Eng., University of Belgrade	Serbia	BEL
46	Fundacja	Poland	WAR
47	Fundacja “Rozwój TAK - Odkrywki NIE”	Poland	WAR
48	Fundacja Greenpeace Polska	Poland	WAR
49	FV Energia	Poland	WAR
50	Germanwatch	Germany	WRI
51	GIZ	Serbia	BEL
52	GIZ	Kiev	KIE
53	Green Alternative / CEE Bankwatch Network	Georgia	KIE
54	Greencubator – Ukrainian energy innovations network	Ukraine	KIE
55	Greenpeace Mediterranean (Turkey)	Turkey	WRI, IST
56	Heinrich Böll Stiftung	Turkey	IST
57	Heinrich Böll Stiftung	Serbia	BEL
58	Hexagon Solid Waste AS	Turkey	IST

59	IMEPOWER	Ukraine	KIE
60	Institute of Energy for SE Europe	Greece	BEL
61	International Association of Oil & Gas Producers (IOGP)	Belgium	WRI
62	International Hydropower Association	United Kingdom	LON
63	Invenergy	United States	WAR
64	Istanbul Policy Center, Sabancı University	Turkey	IST
65	JP Elektroprivreda Srbije Beograd	Serbia	BEL
66	JP EPS	Serbia	BEL
67	Kinstellar	Ukraine	KIE
68	KPMG in Ukraine	Ukraine	KIE
69	KPMG Ukraine	Ukraine	WRI
70	Lahmeyer International	Germany	KIE
71	Mechanical Engineering Faculty, University of Sarajevo, BiH	Bosnia and Herzegovina	BEL
72	MENA Renewables and Sustainability - MENARES	Morocco	CAS
73	National Ecological Centre of Ukraine	Ukraine	KIE
74	National EITI Secretariat of Ukraine	Ukraine	KIE
75	National Energy Conservation Agency	Poland	WAR
76	National Fund for Environment & Water	Poland	WAR
77	National University of Mongolia	Mongolia	KIE
78	New Climate Institute	Germany	WRI
79	NGO All Ukrainian Sustainability	Ukraine	KIE
80	NGO Echo	Bosnia and Herzegovina	ALM
81	NGO Women's Energy Club Ukraine	Ukraine	KIE
82	Oil Change International	United States	WRI, LON
83	PE Electric Power Industry of Serbia	Serbia	BEL
84	PF Civil expertise	Kazakhstan	ALM
85	Polenergia	Poland	WAR
86	Polska Grupa Biogazowa S.A.	Poland	WAR
87	PPV Knowledge Networks	Ukraine	KIE
88	Publish What You Pay	United Kingdom	WRI
89	REC Montenegro	Montenegro	BEL
90	Redcliffe	Ukraine	KIE
91	Regional Environmental Center – REC	Serbia	BEL
92	Regional Environmental Centre (REC)	Poland	WAR

	Poland		
93	REIC – Regional Education and Information Centre for Sustainable Development in South-East Europe, Sarajevo, BiH	Bosnia and Herzegovina	BEL
94	Renewable Energy Association EUROSOLAR Turkey	Turkey	IST
95	Renewables and Environmental Regulatory Institute	Serbia	BEL
96	RES Foundation	Serbia	BEL
97	Robert Rukowski	United States	WRI
98	S&W	Serbia	BEL
99	Sayenko Kharenko	Ukraine	KIE
100	School of Engineering & Applied Sciences National University of Mongolia	Mongolia	WRI
101	Serbian Center for Ecology	Serbia	BEL
102	SIEMENS d.o.o. Beograd	Serbia	BEL
103	Social-Ecological Fund	Kazakhstan	ALM
104	Solar Consulting Ltd & Solar Trade Association	United Kingdom	LON
105	Solar Energy Association	Ukraine	KIE
106	Solar Service	Ukraine	KIE
107	SOLARBABA	Turkey	IST
108	Standing Conference of Towns and Municipalities	Serbia	BEL
109	State Agency on Energy Efficiency and Energy Saving of Ukraine	Ukraine	KIE
110	Tashkent State Technical University, Uzbekistan	Uzbekistan	ALM
111	TEMA Foundation	Turkey	IST, WRI
112	The Regional Environmental Center	Ukraine	KIE
113	Tian Shan Policy Center	Kyrgyzstan	ALM
114	TIU Canada	Ukraine	KIE
115	Tree of Life Human Development Center, Kyrgyzstan	Kyrgyzstan	ALM
116	TURKOTED - Turkish Cogeneration and Clean Energy Technologies Association	Turkey	IST
117	Ukraine Power Resources LLC	Ukraine	KIE
118	Ukrainian Climate Network	Ukraine	KIE, WRI

119	Ukrainian Wind Energy Association	Ukraine	KIE
120	UNIDO	Ukraine	KIE
121	Unison Group, Kyrgyzstan	Kyrgyzstan	ALM
122	University of Belgrade - Faculty of Mechanical Engineering	Serbia	BEL
123	Urban Research Institute, Albania	Albania	BEL
124	Urgewald	Germany	LON, WRI
125	Wärtsilä	Finland	WRI
126	Wind Service Sp. z o.o.	Poland	WAR
127	WWF European Policy Office	Belgium	LON, WRI
128	WWF Morocco	Morocco	CAS
129	WWF Russia	Russia	WRI
130	WWF-Ukraine	Ukraine	KIE
131	Zertteu Research Institute	Kazakhstan	ALM

ANNEX II - SUMMARY OF COMMENTS

1. Coal

N	Comment	Venue	EBRD Response
1.1 Transition away from coal			
1.1.1	The clear exclusion of coal (mining and electricity generation) is aligned with Paris Agreement and is welcome.	WRI, BEL, ALM	Comment noted.
1.1.2	The move away from coal should also cover coal mining and improvements on existing coal assets for health and safety reasons.	IST	The EBRD will not finance thermal coal mining or coal-fired electricity generation capacity (including upgrades to existing plants or the construction of new capacity).
1.1.3	Does coking coal fall under the move away from coal?	IST	Coking coal falls under the "EBRD Extractive Mining Industries Strategy".
1.1.4	The transition away from coal should also cover industrial usages of coal.	WRI	Comment noted. The use of coal in other sectors is presented in Annex D.II of the ESS.
1.1.5	What are the Bank's plans regarding the environmental performance of existing coal assets that the Bank has financed in the past and, generally, the Bank's plans for long-term impact of coal assets?	ALM, CAS	The Bank has not financed any coal projects during the current strategy period. The Bank will no longer finance any coal projects. For the avoidance of doubt, the Bank will not finance upgrades to existing plants for environmental performance.
1.1.6	Rehabilitation of existing coal assets, efficiency improvements and enhancing plants with co-	ALM,	Comment noted. These are excluded. The Bank will no longer finance coal projects, including upgrades to existing

	generation units should also be excluded.	WRI	plants for environmental performance.
1.1.7	The Bank's engagement with COOs with significant coal dependence to develop strategies to support a transition away from coal should take into account the goal to reach full decarbonisation around 2050 to be compatible with the Paris Agreement. Transition away from coal should not result in creating another fossil dependency. For some countries it is difficult to disassociate from coal and exclude coal it in their strategy for energy development (e.g. Uzbekistan). A smoother transition away from coal for countries that are heavily coal-dependent should be supported by the Bank.	WRI, WRI, ALM, CAS	The Bank will engage with countries of operations with significant coal dependence to develop strategies to support a transition away from coal that addresses issues of air quality, retrenchment and energy security.
1.1.8	Although the Bank will no longer finance coal, it should find other ways to engage with coal companies – for example, by supporting other projects, such as personnel re-training and inclusion projects.	ALM	Comment noted. The Bank will engage with countries of operations with significant coal dependence to develop strategies to support a transition away from coal that addresses issues of air quality, retrenchment and energy security. The Bank will support the adoption of practices, policies and standards that promote inclusion and gender equality in the energy sector, which is a significant employer in the EBRD's countries of operations.
1.1.9	Coal (or lignite) is an important local / domestic asset for the countries of the SEE region for their	BEL	The Bank will no longer finance coal but it will engage with countries of operations with significant coal

	national economy and energy security. Replacing coal with gas will decrease energy security of the region. In the SEE region, economic development is based on indigenous coal and lignite energy sources and this must be taken into consideration. The Bank should be active in the entire coal value chain.		dependence to develop strategies to support a transition away from coal that addresses issues of air quality, retrenchment and energy security.
1.1.10	Would it be possible for the Bank to finance district heating systems that utilise heat from existing thermal coal power plants? There is an initiative in Bosnia and Herzegovina for the heating of Sarajevo by using the heat generated by existing coal power plants.	BEL	The ESS states that for district heating the EBRD will not finance any investment in coal-fired heat-generating plants (see Annex D.II of the ESS).
1.1.11	The only exception to the move away from coal should be funding of projects directly aimed at closing coal mines, coal power plants or other coal infrastructure.	WRI	Comment noted. However, there will be no exceptions. The Bank's activities in the mining sector are described in the "EBRD Extractive Mining Industries Strategy".
1.1.12	To persuade governments who are keen on investing in coal and reluctant to adopt the move away from coal, a cost-benefit analysis that accounts for the health benefits associated with the move away from coal could be a persuasive tool.	CAS	Comment noted.
1.2 Companies with coal portfolios and assets			
1.2.1	The Bank should consider that financing of companies with portfolios in coal, even for their projects that are not related to coal, could indirectly support their coal activities. The Bank should ring-fence intermediary lending to ensure it does not go	WAR, WRI, LON	Comment noted. The Bank will ring-fence the use of proceeds to exclude coal financing.

	towards coal.		
1.2.2	The Bank should refrain from financing companies that plan coal expansion (building new plants or infrastructure and expanding coal mines). The Bank should, furthermore, not finance or otherwise engage with companies with significant coal assets. The EBRD should avoid supporting projects such as its financing of a Serbian utility, which increased emissions and deployed new coal assets.	WRI, LON	The Bank will no longer finance coal but it will engage with companies to develop strategies to support a transition away from coal. The Bank will finance renewable energy projects, promote the reporting and disclosure of emissions and carbon-related risks for companies with significant carbon assets and encourage the development of plans for decarbonisation. Specific project level issues will not be covered in detail in this report, but can be addressed in a different format as appropriate.
1.2.3	Missing from the strategy is a commitment to work with private sector clients or intermediaries to support a shift away from coal, as the International Finance Corporation (IFC) has recently committed to do, or to require new clients to report on coal exposure publicly.	WRI	Comment noted. The Bank will support energy companies to shift away from coal and to improve practices, including environmental, health and safety and social practices, as well as corporate governance.
1.3 Social effects of transition			
1.3.1	How does the Bank plan to fight energy poverty? Coal is still the easiest and quickest way to give energy to some populations, and the transition away from coal could adversely affect energy security and/or affordability. Transition away from coal in coal-dependent regions (e.g. coal-mining regions or regions where coal plants are based) is associated with many social	CAS, ALM, BEL, KIE, ALM	The Bank will support energy companies to shift away from coal and to improve practices, including environmental, health and safety and social practices, as well as corporate governance. It will also support the adoption of practices, policies and standards that promote inclusion and gender equality in the energy sector, which is a significant employer in the EBRD's countries of operations.

	risks. What are the Bank's plans for addressing the social issues associated with transition away from coal in coal mining regions, including affordability and energy security issues for local populations? The Bank needs to apply a bottom-up approach and support local communities to adapt to the social effects of the transition away from coal. The need for multi-stakeholder dialogue at the local community level especially in coal dependent regions i.e. with local governments and private companies is needed on how to develop communities in view of the changes that are planned. The Bank should address employment issues associated with the transition away from coal (retraining of personnel in coal mining and power industries, capacity building for mid-level technical personnel, etc.).		The EBRD's Environmental and Social Policy (ESP), and specifically Performance Requirement 10, (Stakeholder Engagement and Information Disclosure) covers engagement with local communities. The Bank recognises that energy poverty is an important issue in its COOs, and the ESS acknowledges the need to account for energy affordability concerns (see section 3.2 of the ESS).
1.3.2	Morocco has large-scale coal in the north-east of the country and plans to build more. Moroccan authorities must be convinced to stop this project and to use wind energy combined with natural gas. Policy dialogue is needed to convince the competent authorities to opt for more clean energy.	CAS	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. More generally, the ESS notes that Bank will engage with countries of operations with significant coal dependence to develop strategies to support a transition away from coal that addresses issues of air quality, retrenchment and energy security.

2. Electricity grid infrastructure investment and interconnections

N	Comment	Venue	EBRD Response
2.1 Interconnections & market coupling			
2.1.1	Regional interconnections and local balancing markets should be a focus of the Bank.	ALM, CAS	Comment noted. The ESS identifies the integration of intermittent renewable energy sources as an important challenge and one that the Bank will support through its activities. It further identifies a number of potential options for facilitating the integration of renewables, including improving interconnections and market reforms (alongside strengthening networks, demand-side management, and adding sources that provide flexibility (for example, battery storage or flexible gas-fired generation)).
2.1.2	Cross-border trading and regional power markets should be top priorities. Investments in infrastructure and policies to build interconnections, overcome congestion, and promote cross-border trading and a regional market approach are needed.	BEL, CAS	Comment noted. The ESS reiterates the Bank's support for fostering well-functioning energy markets, including through these types of infrastructure investments as well as accompanying policy engagement (see section 3.2 of the ESS).
2.1.3	Low cost power from existing hydropower in Albania is making new wind deployment difficult since it is not economically viable; interconnections are needed to be able to sell the power from RES abroad.	BEL	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
2.1.4	Regional markets and interconnections in the SEE, which can lead to regional balancing markets, can	BEL	Comment noted. The ESS identifies these options as important means for integrating intermittent renewable

	also be an alternative source of flexibility and help renewables up-take.		energy sources (alongside others). See also response to comment 2.1.1.
2.2 Grid infrastructure investment			
2.2.1	Improving the quality of the medium voltage transmission grid with small interventions may have a huge positive impact on RE uptake.	WAR, KIE, CAS	Comment noted. The ESS acknowledges the critical importance of strengthening networks (see section 3.2 of the ESS).
2.2.2	Digitalisation of the grid (smart grids) and readiness for increased flexibility and demand response are essential for ensuring an economy based on a better and more reliable service.	WRI, KIE, CAS	Comment noted. The ESS acknowledges the role of smart grids, smart meters and demand-side management (see section 3.2 of the ESS).
2.2.3	Grid investments that help RE integration and allow for least-cost, lowest-GHG development need to be prioritised.	WAR, WRI, KIE, CAS	Comment noted. See also response to comment 2.1.1.
2.2.4	Supporting electricity networks through investments that enable the development of well-functioning electricity markets is aligned with Paris Agreement.	WRI	Comment noted.
2.2.5	Paris-aligned transport investment options are those that help avoid transit, promote a shift of transport activity to less energy emitting modes where the energy supplier of that mode is - or can readily be - decarbonised, such as with the electricity sector.	WRI	Comment noted. The MEI and Transport strategies are under development and will be available for public comments in 2019.

			The ESS makes reference to these key sectors regarding coal investments in Annex D.II of the ESS.
2.2.6	Investing in grid infrastructure creates more employment than investment in the gas industry.	WRI	Comment noted.
2.2.7	A transparent system of pricing for grid usage from input to output should be applied.	CAS	Comment noted. Development of regulatory frameworks for networks (which extends to pricing for grid usage) is included in the Strategic Directions of the ESS (see section 3.2 of the ESS).
2.2.8	Micro-grids should be covered by the draft ESS.	WAR	Comment noted. Micro grids are included in the Strategic Directions of the ESS (see section 3.2 of the ESS).

3. Electrification

N	Comment	Venue	EBRD Response
3.1	Clear commitment to electrification and renewable energy is aligned with Paris Agreement. The Strategy's priority should be a renewables-driven re-electrification.	WRI, WAR	Comment noted.
3.2	Full electrification must not be an objective in itself. The source of electricity needs to be verified as well.	WRI	Comment noted. The ESS emphasises the "electrification of the economy *with electricity generated from cleaner energy sources*" (see section 3.1 of the ESS).
3.3	EBRD should promote, support and consider a large penetration of electricity in the final energy consumption. Through an adequate policy framework, the electrification rate of residential and tertiary and agriculture sectors can be facilitated by the integration of technologies such as heat pumps, solar heaters and electric cooling systems.	WRI	Comment noted. Electrification is included in the Strategic Directions of the ESS.

4. Energy efficiency

N	Comment	Venue	EBRD Response
4.1 "Energy Efficiency First" Principle			
4.1.1	The Bank should adopt the principle of "Energy Efficiency First" in the draft ESS. Energy efficiency should be considered before any investment in energy projects. The principle of "Energy Efficiency First" can facilitate the transition while at the same time minimising the role of natural gas in the transition process. Moreover, it is the most cost-effective and rational way of improving the security of the energy supply, reducing emissions and energy poverty.	WRI, WAR	Comment noted. The EBRD is strongly committed to promoting energy efficiency. The Bank's activities to promote energy efficiency cut across all sectors. Moreover, energy efficiency is a central part of the Bank's Green Economy Transition Approach. For projects with greenhouse gas emissions above the relevant threshold (see responses to carbon price clarifications above), the Bank will conduct an economic assessment of projects that will account for key externalities. As part of this economic assessment, feasible alternatives to the project will considered, including energy efficiency improvements. The Bank will therefore ensure that energy efficiency options are selected ahead of others when they are most economically attractive option (taking into account externalities such as greenhouse emissions, local emissions, etc.).
4.1.2	The "Energy Efficiency First" principle should be a benchmark for project financing that should be applied even to otherwise economically viable projects. Its applicability is of particular importance for large fossil fuel projects.	WAR	Comment noted. See response to comment 4.1.1.
4.1.3	The "Energy Efficiency First" principle is a key point for decarbonisation.	WAR	Comment noted. See response to comment 4.1.1.

4.2 Energy efficiency measures and policies			
4.2.1	The potential of energy savings is not sufficiently emphasised in the draft ESS. The potential for energy efficiency improvements (both supply- and demand-side improvements) is huge in many countries where the EBRD operates. The amount invested in energy efficiency (including in the residential sector and in reducing grid losses) can have long term effects and is much more beneficial than investment in gas.	WRI, CAS, IST, KIE	Comment noted. See response to comment 4.1.1 for more on the importance of the energy efficiency in the Bank's work.
4.2.2	A combination of energy efficiency and high penetration of renewables have a compounded positive effect and have the potential to drive the transition.	ALM, WRI, LON	Comment noted.
4.2.3	Subsidies and grants are a preferable approach to energy efficiency measures due to access to finance challenges.	BEL	Comment noted. The Bank acknowledges the role of subsidies and grants in its operations – in particular, to address market failures. The use of subsidies and grants is carefully assessed to avoid creating market distortions. The Bank has robust internal guidelines to assess the use of subsidies and grants.
4.2.4	The Bank should support energy service companies and innovative business models.	WRI	Comment noted. The Bank actively supports the establishment of private sector ESCOs to finance and operate energy efficiency investments under Energy Performance Contracts. For example, the Bank has developed the Regional Energy Efficiency Programme in the Western Balkans to assist

			ESCOs.
4.2.5	Investing in energy efficiency creates more employment than investment in the gas industry.	WRI	Comment noted.
4.2.6	Environmental and climate change issues affect regions as a whole since countries share rivers, lakes, seas etc. CSOs advocated for the Bank to adopt regional or sub-regional energy efficiency measures for the region. Moreover, energy efficiency for residential and industry purposes can decrease energy consumption and improve energy reliability in the region.	BEL	Comment noted. The ESS acknowledges the critical importance of energy efficiency.
4.2.7	In spite of the prospects of electrification, there are opportunities in the Western Balkans region to decrease consumption by demand management and energy efficiency measures and that is not properly reflected in the Annex on the Western Balkans. It is furthermore regrettable that the indicative scenarios put forward by the EBRD's consultants do not emphasise the potential for energy savings and a large expansion of wind and solar. The scenarios need to include an examination of the energy savings and demand response potential. Official demand projections must be critically examined and energy savings must be given top priority. At the very least, a scenario needs to be included in the Western Balkans case study which examines	BEL, WRI, LON	Comment noted. Annex F of the ESS (case study on the Western Balkans) has been amended to acknowledge the role of energy efficiency. The scope of the case study does not extend to assessing the robustness of current demand projections. However, Annex F of the ESS has been amended to acknowledge the limitations of demand projections.

	what would happen under a high-wind-and-solar scenario with a high-ambition energy savings policy.		
4.2.8	Ukraine is 15 times more energy intensive than developed economies and not three times as it is often quoted. The problem is particularly pronounced in the transportation of energy. Financing for energy efficiency targeted to the energy intensive sectors is extremely important, especially for the energy production sector where energy efficiency improvements of 30% can be made.	KIE	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. More generally, the ESS acknowledges the importance of energy efficiency, which cuts across all of the Bank's activities.
4.2.9	The housing and construction sectors still consume a lot of energy and by addressing energy efficiency in these sectors the Bank could help reduce fossil fuel dependency.	CAS	Comment noted. The Bank's activities cover the suggested sectors.
4.2.10	The Bank should be aware of the huge potential for EE in the public transport sector and highlight the need for more sustainable transportation systems.	CAS	Comment noted. EBRD works closely with cities to promote sustainability in public transport, including both operational and energy efficiency.
4.3 Demand-side management & other policies			
4.3.1	Demand management (DM) is mentioned alongside battery storage, but DM has its own role and it should be explored more in providing flexibility, especially in the SEE region, which is not well supplied in gas (the main source for flexibility in the draft ESS).	BEL	The ESS emphasises demand-side management as an important means for providing flexibility, alongside others such as improving interconnections, strengthening networks, and adding sources that provide flexibility (for example, battery storage or flexible gas-fired generation). Gas is not considered as the main source for flexibility, but one of a number of options that will be needed (depending

			on country-specific conditions).
4.3.2	Data on consumption patterns are needed. It is hard to change consumption habits and the paradigm shift must happen in a short period of time and allow for cost recovery of prices.	BEL	Comment noted.
4.3.3	The draft ESS approach of working with utility companies to develop smart networks, promote demand-side energy efficiency, and reduce losses in networks is aligned with Paris Agreement because demand side management will support integration of high shares of RE.	WRI	Comment noted.
4.3.4	There could be more in the draft ESS on demand management and reduction of energy losses (particularly in the distribution networks).	BEL	Comment noted. The ESS notes that the Bank will work "to develop smart networks, promote demand-side energy efficiency, and reduce losses in networks" (section 3.1 of the ESS) and that the Bank and emphasises the role of demand-side management in the Strategic Directions.
4.3.5	Smart metering should also be an area of priority for the Bank.	BEL	Comment noted. Smart meters are included in the Strategic Directions of the ESS.

5. Engagement with municipalities & local communities

N	Comment	Venue	EBRD Response
5.1	The Bank should work more closely with municipal and regional governments or renewables, particularly on smaller-sized projects of local interest.	IST, BEL, CAS, WRI	The Bank is committed to supporting the rapid scaling-up of renewable energy projects. All mechanisms to support investments in renewable energy will be considered by the Bank, subject to consistency with the Bank's mandate (in particular, sound banking principles). This includes working more closely with municipal and regional governments. The Bank will identify opportunities for innovative approaches to support renewable energy that are suited to individual countries as part of the development of country strategies. The EBRD has a Green Cities Framework (GrCF) to target this issue. Under the GrCF, Green City Action Plans (GCAPs) are developed to address the key environmental challenges cities face. The priority environmental challenges are identified through the use of both indicators and stakeholder input in a multi-step process: GCAPs benchmark city's environmental performance, identify those areas that need to be prioritised and outline indicative investment and action plans to achieve the identified objectives. In addition, civil society capacity building measures can be tailored to sub-projects as needed, contributing to the performance and sustainability of green city parameters.
5.2	The Bank should reflect the increasing role of local communities. Since Paris Agreement has been adopted, cities, towns, villages and other	WRI, ALM	Comment noted. The Bank acknowledges the importance of working with a broad range of stakeholders and uses a variety of instruments for this purpose, such as policy

	communities have demonstrated higher ambitions than the national governments. They are more flexible and can act faster than national governments, they are facing impacts of climate change already and they see investment potential in following bold climate policy. The strategy should properly reflect these developments. Cooperation with local communities will result in more sustainable and resilient projects of EBRD.		engagement and technical cooperation tools. For example, the Bank has established the Green Cities Framework, which targets the level of cities and under which the Bank works with a range of stakeholders, including local communities, with the objective to prioritise and finance transformational environmental and climate-related infrastructure investments. Similarly, the Bank has also established a partnership with the Global Covenant of Mayors for Climate & Energy (GCMCE) – an international alliance of more than 7,500 cities and local governments that promote voluntary action against climate change. At the project level, the Bank has specific provisions on engaging with local communities as set out in the Environmental and Social Policy (ESP), and in particular Performance Requirement 10 (Stakeholder Engagement and Information Disclosure).
5.3	There are inter-sectoral linkages between the energy sector and municipal and environmental infrastructure, specifically waste-to-energy and incineration. It is not clear in the ESS whether the Bank will support municipal waste incineration. Financing such projects will contradict EBRD's environmental priorities, specifically those on air quality.	KIE	The Bank evaluates all alternatives when exploring waste to energy and incineration options. Given the different needs of municipalities, it cannot exclude all waste to energy projects, but will seek to ensure appropriate environmental due diligence and support for recycling and collection. Any project that the EBRD considers supporting is subject to a robust environmental appraisal, as per the Bank's ESP.
5.4	Although not part of the ESS but, rather, part of the municipal strategy, heating from RES still needs to be taken into account.	KIE	The EBRD takes note of this comment for the upcoming MEI strategy.
5.5	The complex interrelation between urbanisation,	IST	Comment noted. The Municipal and Environmental

	decarbonisation and carbon dioxide emissions, particularly in urban centres, must be better analysed, particularly with regard to district heating.		Infrastructure (MEI) strategy covers district heating and urban centres. The MEI strategy is under development and will be made available for public comment in 2019.
5.6	Bigger scale projects are more efficient due to reduced transaction costs but sometimes local governments can also provide scale. Even for the supply side, the Bank could choose to finance a 50MW project or get the same capacity, for example, from rooftop solar in municipality buildings.	LON	Comment noted. The Bank is committed to supporting different renewable energy technologies, at different scales, and using support schemes that are appropriate for the technology and/or scale of investment. The Bank has a dedicated team working in the municipal sector. The Bank works outside capital cities and works closely with municipalities in addressing their energy needs.
5.7	The Bank's municipal infrastructure strategy needs to address issues of municipal buildings and electrification of public transport.	LON	The EBRD takes note of this comment for the upcoming MEI strategy.
5.8	In Turkey, EBRD should support municipalities to move from a zero-waste policy to near-zero-waste policy to promote waste-to-energy plants as well as to assist early on with tender specifications.	IST	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. The EBRD has developed the "Near Zero Waste" - NØW programme in Turkey. This is a strategic initiative to promote waste minimisation and pollution prevention projects in various sectors of the economy. More information available here: http://www.now-turkey.org/

6. General comments and observations

N	Comment	Venue	EBRD Response
6.1 General comments on draft ESS			
6.1.1	The draft ESS is a coherent strategy in full accordance with European strategies, policies and commitments. The strategy's key points (transition away from coal and upstream oil, decarbonisation) are Paris aligned.	BEL, WRI	Comment noted.
6.1.2	Gas appears to monopolise the draft ESS. The Bank's focus on Renewables for the upcoming 5-year period is not clearly reflected in the draft ESS. It is not reflected in the strategy that between renewable energy projects and natural gas projects, the Bank will prioritise renewables. It should be indicated more clearly in the draft ESS that gas shall be used only to assist the uptake of renewables and the process of transition.	WAR	The ESS has been updated to make the focus on renewables and the role of gas clearer. See ESS slide 3, new slide 5, slide 30 and section 3 of the ESS as examples.
6.1.3	EBRD must take further steps to completely rule out both direct and indirect support for coal, as well to align any further fossil fuel investment with the ambitious goals of the Paris Agreement.	WRI	The ESS ends the possibility for the EBRD to finance any thermal coal mining or coal-fired generation capacity, including upgrades to existing plants or construction of new capacity. Moreover, the ESS specifies clear criteria on fossil fuel investments that limit the Bank's involvement. Investments in upstream oil exploration will not be undertaken by the Bank, and the Bank's investments in upstream oil development will be limited to rare and

			exceptional circumstances. For natural gas, the ESS also specifies several criteria. Importantly, all investments with significant greenhouse gas emissions (see information on carbon pricing in Annex C.IV of the ESS) will be subject to an economic test that will account for key externalities and compare the investment to other feasible alternatives.
6.1.4	Stronger links could be made between the strategy and the Green Economy Transition approach. The GET is very important as it can address some of the structural barriers to competitive, low carbon power systems and low carbon transition, particularly where pricing, subsidies and taxes are concerned.	WRI	Comment noted. The ESS interfaces with other Bank strategies, approaches and policies, including the Bank's Green Economy Transition approach. This is clarified on slide 4 of the ESS.
6.1.5	Does the Bank take into account the water-energy-food nexus in the ESS?	CAS	The ESS takes into account the water-energy-food nexus in the context of the Bank's work on climate change adaptation (and climate resilience). An essential component of this work are water efficiency improvements across a wide range of sectors, which are delivered through the Bank's Green Economy Transition approach in countries of operations that face water security challenges. The ESS furthermore takes into account the water-energy-food nexus through its interface with some of the Bank's sectoral strategies such as the Agribusiness strategy (which outlines the Bank's work on promoting food security), as well as with the Bank's Environmental and Social Policy (which outlines the Bank's approach to, among others, use of biomass and biofuels).
6.1.6	The fact that the ESS is presented using a value chain driven approach as regards the private sector	CAS	Comment noted.

	side is welcome.		
6.1.7	What is being done to coordinate efforts between development banks?	CAS	The EBRD coordinates with other development banks (as well other international organisations) on both financing (frequently co-financing projects) and on policy engagement activities. See Annex J of the ESS.
6.1.8	There should be a link in the strategy between RES and the transformation of the transportation system, urban development and generally, the use of more RES by other economic sectors.	CAS	The ESS outlines such links, for example in section 2.4 of the ESS linking electricity to transport and heating, and also in Annex D of the ESS. More generally, electrification features as one of the Bank's strategic directions (see section 3.1 of the ESS), and the ESS emphasises the need for "facilitating the electrification of the economy with electricity generated from cleaner energy sources". The EBRD takes note of this comment for the upcoming sector strategies.
6.1.9	The proposed strategy is not consistent with the Paris Agreement's goal because of its continued endorsement of natural gas and continued willingness to invest in coal (apart from ex- thermal coal mining and electricity generation capacity) and oil (with a loophole exemption and no divestment from oil transportation and downstream use). Phasing out of all fossil fuels is important.	WRI, WAR	The aim of the ESS is to deliver secure, affordable and sustainable energy. This will primarily be achieved through scaling-up investments in renewable energy sources (and energy efficiency – the Bank promotes the broadest possible range of demand-side and supply-side efficiency measures in its operations, namely through its Green Economy Transition approach) and supporting their integration into energy systems. The ESS notes that the "Bank has committed to supporting the outcomes of the Paris Agreement" (Annex C.I of the ESS). It further notes that the support for meeting international climate goals is delivered through investments

			and policy engagement activities. In line with international consensus, the Bank recognises the need for the rapid decarbonisation of economies and that this entails the phasing out of fossil fuels. Consequently, the ESS places restrictions on fossil fuel financing. It ends the possibilities for the EBRD to finance any thermal coal mining or coal-fired generation capacity, including upgrades to existing plants or construction of new capacity. Investments in upstream oil exploration will not be undertaken by the Bank, and the Bank's investments in upstream oil development will be limited to rare and exceptional circumstances. For natural gas, the ESS recognises potential roles for a transition period that will be specific to country and regional contexts. It specifies several criteria for natural gas investments with a view to identify and mitigate the risk of investing in assets that result in carbon lock-in and/or become stranded. See Annex C of the ESS for further details.
6.1.10	Public finance institutions must lead the way in restricting oil and gas financing to demonstrate strong climate leadership.	WRI	Comment noted. The ESS recognises the need for phasing out fossil fuels and consequently places several restrictions on their financing (including ruling out many activities altogether). See responses above on the Bank's financing of fossil fuels.
6.1.11	The draft ESS should adopt a more cohesive terminology and approach since the reader loses the feeling of how much fossil fuels are used in the countries by using different trackers and measures (like TPES, etc.).	BEL	The ESS adopts commonly used terminology in the energy sector.

6.1.12	The draft ESS should introduce a 'carbon intensity hierarchy' to guide the Bank's decision making about which projects should be prioritised.	LON	The approach proposed in the ESS embodies a hierarchy between options with different carbon intensities. The ESS rules out financing for the most carbon-intensive option of coal-fired power generation. It also rules out Bank investments in upstream oil exploration, while the Bank's investments in oil development will be limited to rare and exceptional circumstances. It further specifies criteria that will apply to natural gas investments, and notes that these (and hydrocarbon investments more generally) "will not displace less carbon-intensive sources, or lead carbon lock-in or stranded assets" (see section 3.3 of the ESS).
6.1.13	The draft ESS should clarify the lifetime extension question for safety upgrades for existing fossil assets.	LON	The ESS rules out brownfield investments in coal-fired power generation (and therefore lifetime extensions of such assets will not be financed by the Bank). For natural gas (and investments more generally), the ESS notes that the Bank will "identify and mitigate the risk of investing in assets that result in carbon lock-in and/or become stranded." See responses above and Annex C of the ESS for how such risks will be addressed (the Bank's approach to lifetime extensions for fossil fuel assets).
6.1.14	There is no indication in the ESS of how the balance in support between gas/hydrocarbons on the one hand and renewables on the other hand, will be decided.	LON	The ESS has been updated to add clarity on this point – see changes to slides 3 and (new) slide 5 of the ESS as examples.
6.1.15	In the strategy's current wording, the shift from coal to gas is shown as one of the four pillars for transition. If natural gas has a lower priority for the	WRI	Please note, section 2 (slide 9) of the ESS has been updated to clarify that natural gas is not a pillar of the ESS, but that the ESS has been informed by changes in market

	Bank than renewables, it should be better reflected in the draft ESS's wording. Specifically, it needs to be clear that switching from coal to renewables is the first option, whereas switching to gas will only be considered if no viable option to support renewables is available.		developments such as more widely available and affordable natural gas. Nonetheless, the ESS acknowledges the potential role for natural gas in switching away from more polluting fuels such as coal. However, this role will depend on country and regional circumstances. Moreover, the ESS notes that "hydrocarbon and fossil fuel projects will not displace less carbon-intensive sources". Operationally, natural gas investments (with significant greenhouse emissions – see Annex C.IV of the ESS for the relevant criteria) will be subject to an economic assessment that will compare it against other feasible alternatives.
6.1.16	Some CSOs considered that the Bank has supported projects in sectors other than power and energy, which facilitate the use of hydrocarbons through financing of "associated facilities" (such as in the transport sector). The Bank should carefully assess such projects and where necessary reconsider their classification in terms of sector and environmental and social risk category.	LON	Comment noted. All Bank financed projects are subject to careful social and environmental appraisal and consequent categorisation, as set out in the EBRD's Environmental and Social Policy. The ESS sets out on slide 4 which areas of activity belong to the energy sector. Furthermore, the ESS outlines the Bank's approach to cross-sectors linkages (see Annex D of the ESS). The ESS also cross-references the Bank's approach to carbon pricing (see Annex C.IV of the ESS). For some types of investments, the Bank's economic assessment will extend to scope 3 emissions (where these are material). This will often be the case for associated infrastructure.

6.1.17	IPIECA, the United Nations Development Programme (UNDP) and the International Finance Corporation (IFC) launched a joint report "Mapping the oil and gas industry to the Sustainable Development Goals: An Atlas" - The Atlas explores the links between the oil and gas industry and the Sustainable Development Goals (SDGs) and seeks to facilitate a shared understanding of how the industry can most effectively support the achievement of the SDGs. The oil and gas industry is committed to responsible and sustainable business, as well as serving as an essential partner to meet the challenge of achieving the SDGs.	WRI	Comment noted.
6.1.18	The Bank should support the inclusion of multi-fuel flexible thermal generation as a source of flexibility for the integration of intermittent renewables and the use of battery storage for grid stability and renewable integration, as well as highlight the unique benefits that stem from hybridisation of multiple technologies, either from coordinated planning across a certain operational grid area or at the project level. The smart integration of multiple technologies and taking advantage of their multiple uses is essential to reaching a 100% renewable energy grid.	WRI	Comment noted. The ESS identifies the integration of intermittent renewable energy sources as an important challenge. It also features prominently in the Strategic Directions of the ESS. The ESS identifies a number of potential options for facilitating the integration of renewables, including strengthening networks, improving interconnections, demand-side management, and adding sources that provide flexibility (for example, battery storage or flexible gas-fired generation). The ESS also identifies innovation as an important means for achieving a decarbonised power sector.
6.2 The Bank's role and its relationship with COOs			
6.2.1	The Bank should participate and influence national strategies and policies at an early stage. For	ALM	The Bank has supported countries in developing sector and/or national strategies. Support is typically provided at

	example, Kyrgyzstan is in the process of creating a national Industrial Development Strategy, wherein priorities include coal sector development. In the public consultation held to discuss this national Strategy developmental institutions were not represented at all.		the request of authorities.
6.2.2	The Bank should help with the following issues: clarifying institutional responsibilities, improving price affordability, increasing decentralisation, enhancing transparency issues, improving accessibility of funds and different type of credit lines, promoting possibilities for community projects and integrating innovative business models.	KIE	Comment noted. Many of these are supported by the EBRD and are covered in section 3 (Strategic Directions) of the ESS.
6.2.3	The Bank should provide policy support to Governments in increasing renewables uptake.	WRI	The EBRD supports policy makers on a wide range of energy sector issues. Renewable energy is a particular area of focus for the Bank, and it has a long history of supporting policy makers in developing support frameworks for renewable energy.
6.2.4	The Bank should help leverage private sector finance.	LON	Comment noted. The Bank has a long history of leveraging private sector financing, which is an important means for fostering the transition to market-oriented economies (i.e. the mandate of the EBRD).
6.2.5	The Bank should support capacity building and multi-stakeholder dialogue between all stakeholders – e.g. civil society, local communities, companies, government, banks, etc. In addition, the Bank should help with fundraising and provide support to	WRI, WAR, LON,	The EBRD supports policy makers regarding the Energy Sector via policy dialogue and capacity building programmes, as comment noted in section 3 of the ESS for example.

	professional CSOs that have a track record in working in the energy sector.	WRI	The EBRD also recognises civil society as a key stakeholder and partner in achieving its mandate and extensively engages with local and international civil society organisations, including on topic related to the energy sector and in multi-stakeholder formats when appropriate. Through its Civil Society Capacity Building Framework, the Bank supports the transfer of skills and awareness raising among the local civil society sector in technical cooperation projects that are linked to specific EBRD-financed investments or policy engagement initiatives. One of the priority areas of the Framework is "sustainable energy and resources" and projects are identified on a demand driven basis.
6.2.6	The Bank should look holistically at the sector and not on a project-by-project basis.	LON	Comment noted.
6.2.7	If EBRD funds big energy project, especially in small countries, it may be distorting the energy market and it may not leave room for other energy sector investments or innovations.	WRI	Comment noted. The Bank's mandate is to promote the transition to market-oriented economies. In the energy sector, a key priority for the Bank is to promote the development of well-functioning energy markets (see section 3.2 of the ESS). The Bank has robust internal procedures to assess the transition impact of its investments. These ensure that the Bank's activities do not distort energy markets.
6.2.8	A strong monitoring and evaluation process by the Bank should be put in place that starts as soon as the project is launched in order to ensure that the funds are used appropriately.	KIE, CAS	The EBRD has robust project monitoring and evaluation procedures, which begin from the signing of the project documentation between the EBRD and the client and continue until after the investment has ended. Moreover, the Bank's project appraisal process covers the entire

			project life cycle.
6.2.9	Ukraine is a member of the Energy Community and a part of the common electricity and gas market of the EU. Four priorities are underlined: • Interconnection with other countries and the proper implementation of ENTSO-E. • Development of regional gas market in Ukraine - projects that aim to the creation of gas hub and establishment of gas exchange. Both of these issues are very much connected to the energy security of Ukraine. • Tools to address foreign players; • Applying international legislation to support international companies.	KIE	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
6.2.10	Good governance standards & practices implementation –there are many standards which can be used by Ukraine to demand that companies implement on national level.	KIE	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. More generally, the ESS notes that the EBRD will support SOE and private sector companies to improve practices, including environmental, health and safety and social practices, as well as corporate governance (for example, see section 3.4 of the ESS).
6.2.11	With the NERP – National Environmental Reduction Plan that is foreseen within the Energy Community, there are many standards which Ukraine should meet.	KIE	Comment noted. The Bank works closely with other international organisations (see Annex J of the ESS), and has a history of successful cooperation with the Energy Community Secretariat.
6.2.12	The Bank should provide technical assistance to the	KIE	Comment noted. As noted above, the ESS covers the

	state-owned public company "UkrGasVydobuvannya" (UGV) of Ukraine in increasing production of oil and gas by 2020.		Bank's activities across all of its countries of operation. While the Bank's position on country-specific issues is expressed in country strategies, country and sector strategies do not list specific projects or policy dialogue initiatives. These are made publicly available through "Project Summary Documents" on the EBRD website.
6.2.13	The Bank should support the "Renewable Energy Sustainability Center of Excellence" initiative in Morocco.	WRI	Comment noted.

7. GHG emissions and environmental questions

N	Comment	Venue	EBRD Response
7.1 Paris Agreement compliance and Nationally Determined Contributions			
7.1.1	The strong reference in the draft ESS to the Paris Agreement and the importance given to combating climate change are welcome.	KIE	Comment noted.
7.1.2	The Bank, under the new ESS, should not fund projects in countries that have not submitted NDCs or have less than ambitious NDCs and should explicitly state that in the draft ESS.	IST	NDCs are a central feature of the architecture for the implementation of the Paris Agreement, the goals of which are strongly supported by the Bank. The Bank therefore believes that it is important for its activities to be consistent with NDCs and that this provides an important means to ensure investments are consistent with the low carbon plans of its COOs. The Bank does not take a formal position on the adequacy of current NDCs of any of its COOs. However, the Bank recognises that (see response to comment 7.1.2) the quality and ambition of NDCs varies across countries. NDCs are being continuously refined, including as part of the formal processes outlined in the Paris Agreement such as the global stocktake. The Bank is supporting its COOs in this process – specifically it has activities to support the development and refinement of NDCs. Over time, consistency with NDCs will provide an increasingly robust approach to ensure investments help to deliver international climate goals. The consistency of investments against a country's NDCs

			is one element of the Bank's broader approach to assessing investments with significant greenhouse gas emissions – for example, hydrocarbon investments. As Comment noted in Annex C of the ESS, the Bank intends to combine an assessment of consistency with NDCs with other tools.
7.1.3	Mention of INDCs should also be added in the ESS.	IST	A reference to INDCs has been added on slides 15, 23, 32 and 33 of the ESS.
7.1.4	There should be a qualitative examination of NDCs as a criterion to secure financing by the Bank and the Bank should encourage COOs to submit NDCs that are meaningful, ambitious and comply with the spirit as well as the letter of the Paris Agreement.	IST, WRI	See response to comment 7.1.2 for the Bank's position on NDCs.
7.1.5	Development pathways of current NDCs do not translate to Paris compatibility in most cases (analysis indicates that current NDCs are consistent with more than 2ºC of warming, and perhaps as high as 4ºC). The Bank needs to work with COOs on NDCs but also to focus on pathways limiting warming to 1.5ºC. The Bank, beyond compatibility with NDCs, needs to use additional tools (such as long term emissions reduction strategies to 2050) to judge investment consistency with Paris Agreement.	WRI, WAR, BEL	See response to comment 7.1.2 for the Bank's position on NDCs. See also response to comment 7.1.8 for the Bank's position on scenarios.
7.1.6	EBRD and WB could have an impact on NDC acceptance by associating finance flows with meaningful NDC revisions towards more ambitious goals.	IST	See response to comment 7.1.2 for the Bank's position on NDCs.
7.1.7	It is crucial to cite in the ESS the entire Paris	WRI	The ESS has been amended to reflect this suggestion (see

	Agreement goal (e.g. on slide 30) "… and efforts to limit the temperature increase to 1.5 °C above pre-industrial levels", especially in light of the latest IPCC Report.		additions to section 2.1 and Annex C.I of the ESS).
7.1.8	The Bank should focus on NDC consistency and apply stress tests against emission scenarios. Civil society would not want EBRD to have low ambitions on NDCs and for its investments to lead to carbon lock-in and/or stranded assets.	LON	See response to comment 7.1.2 for the Bank's position on NDCs. The ESS recognises carbon lock-in and stranded assets as important issues. The Bank's approach to engaging with these issues is presented in Annex C of the ESS. The Bank believes that scenarios provide important and helpful insights into the impact of activities with respect to climate change. However, the Bank's activities are not anchored in any single scenario. Such scenarios represent one possible approach for meeting international climate goals such as those of the Paris Agreement. Individual scenarios rely on a range of assumptions, and there are typically several possible scenarios for meeting international climate goals. Operationally, such scenarios help to inform the Bank's thinking on different issues. The Bank has developed sector and/or country-specific low carbon roadmaps that help to inform its activities – for example, the roadmap for cement in Egypt. The Bank expects to continue to develop such roadmaps when the opportunity arises as part of its support activities to countries.
7.1.9	The Bank should use the following wording in slide 30 when referencing the 2015 Joint Statement by the Multilateral Development Banks at Paris: "This	WRI	The wording in the ESS refers to the "Joint Statement by Multilateral Development Banks" and further notes that the commitment was reiterated "with other development

	commitment was reiterated in a joint declaration to align financial flows, which was given together with other development finance institutions". This better portrays that the banks are working on the alignment of all investments and not uniquely increasing climate finance.		finance institutions". The wording therefore adequately highlights that the commitment was made jointly with other institutions.
7.1.10	The EBRD should use the available tools to assess the alignment of its portfolio with the Paris Agreement - for example, the 'Terra Approach' developed by the think tank 2°C Investing Initiative with ING.	WRI	See responses to comments 7.1.2 and 7.1.8. See also Annex C of the ESS on the Bank's approach to supporting international climate goals.
7.1.11	Apply a climate test to all individual projects to ensure they are compatible with the Paris Agreement. This should automatically exclude all fossil fuel energy projects but the EBRD should also explicitly end support to fossil fuel energy projects.	WRI	See responses to comments 7.1.2, 7.1.8 and 7.1.10.
7.1.12	The Bank should encourage countries like Turkey to ratify the Paris Agreement.	WRI	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
7.1.13	Ukraine's NDCs do not provide for GHG emission reductions, and therefore do not help to achieve Paris Agreement goals. The Bank should further assist Ukraine in this process ensuring that Ukraine's NDCs are aligned with the ultimate goals of Paris Agreement. Ambitious NDCs will also help Ukraine to ensure that enough priority is given to	WRI, KIE	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.

	measures that are crucial for combating climate change but also for increasing Ukraine's energy security and people's wellbeing: energy efficiency improvements in all sectors and deployment of renewable energy sources.		
7.2 Carbon pricing			
7.2.1	EBRD's carbon pricing methodology for oil and gas projects, currently under development, will be the subject of much debate and should be presented for public consultation by the civil society.	WAR, WRI	The Bank will apply, from January 2019, shadow carbon pricing as part of an economic assessment of projects in any sector that have the potential to significantly increase greenhouse gas (GHG) emissions. A summary of the shadow carbon pricing methodology will be made publicly available on EBRD's website. The Bank will also present its approach to the public during important events, for instance during the COP24 in Katowice. During the preparation of the shadow carbon pricing methodology, the Bank has engaged with civil society stakeholders, including in written format, considering and responding to recommendations presented by international CSOs. The shadow carbon pricing methodology is not subject to formal public consultation according to the EBRD's Public Information Policy.
7.2.2	EBRD's internal carbon pricing methodology should assess Scope 3 emissions and should use as a hurdle a shadow carbon price consistent with a higher ambition scenario focused on limiting warming to 1.5°C. The methodology should also do sensitivity analysis and look into the social cost of carbon.	WRI, LON	Comment noted.

7.2.3	For its shadow carbon price review, the EBRD should select the highest range of carbon prices recommended by the High-Level Commission on Carbon Prices for all high-carbon projects, and consider a second level of (higher) prices consistent with a 1.5°C scenario.	WRI	Annex C.IV of the ESS has been updated to note that the "EBRD will use prices consistent with the recommendations of the High Level Commission on Carbon Prices". The carbon prices cover a range of USD 40-80 per metric ton of CO2e in 2020, rising to USD 50-100 per metric ton of CO2e by 2030. Beyond 2030, the prices increase by 2.25% per year, leading to a range of USD 78-156 per metric ton of CO2e by 2050. The EBRD will test the economic viability of projects against the low and the high value, and will also calculate a "switching value" carbon price to better understand what level would change the economic merits of the project.
7.2.4	WWF, E3G and Oil Change International, have published a specific briefing with further details and recommendations on the EBRD shadow carbon price review.	WRI	Comment noted. The Bank has engaged with these stakeholders and commented on the briefing.
7.2.5	The draft ESS does not reflect on the global carbon credit. Civil Society needs to see how the Bank understands overall carbon credit of COOs and how the Bank perceives its role, with other IFIs and partners.	BEL	The global carbon credit has been added to slide 10 of the ESS. The EBRD does not allocate carbon credits among its countries of operations. Such an allocation should be part of international climate negotiations.
7.2.6	According to the draft ESS, a shadow carbon price will only be applied to investments that increase emissions. This is insufficient since gas projects could end up being classified as 'reducing' emissions compared to coal, even as they lead to long-term lock-in of fossil fuels. Carbon pricing should be applied to the gross emissions of all	WRI	Annex C.IV of the ESS has been updated to clarify that both net and gross emissions thresholds will be used, and that a shadow carbon price assessment will be undertaken if either of these is met. The updated Annex C.IV of the ESS also notes that estimating scope 3 emissions will be required in some infrastructure projects that will be subject to shadow carbon pricing – for example, oil and gas

	investments. In the Annex on carbon pricing (slide 33), the new carbon pricing approach should incorporate best practices including applying a carbon price to Scope 3 emissions for projects with significant Scope 3 emissions.		pipelines.
7.2.7	How will the Bank select shadow points for carbon in the new carbon pricing methodology currently under development?	LON	See responses to comment 7.2.3.
7.2.8	The IPCC Report does not propose a social cost of carbon to stay below the goal of keeping global temperature increases to 1.5°C.	LON	Comment noted.
7.3 Decarbonisation			
7.3.1	The draft ESS should not use IEA's SDS (Sustainable Development Scenario), which is offering just a 50% chance of limiting warming to below 2°C, far from the "well below 2°C" hard limit and 1.5°C ambition of the Paris Agreement. Instead, the ESS should reference below 2°C (IEA's B2DS) or 1.5°C (IPCC) scenarios. Specifically, the draft ESS should be revised to reflect the global policy objective of 1.5°C and reference the latest IPCC Report from the Intergovernmental Panel on Climate Change (IPCC), as a signal of where the science lies. Moreover, the Bank should utilise scenarios consistent with that objective and should not finance projects that are not compatible with that target but, instead, should require that all	WAR, WRI, LON	The ESS draws on scenarios to provide context for the Bank's strategic directions in the energy sector. The IEA's Sustainable Development scenario is used in this context. The Bank is not committed to relying on the IEA's scenarios, or scenarios prepared by any other organisation. Operationally, such scenarios help to inform the Bank's thinking on different issues, but the Bank's activities are not anchored in any single scenario. The Bank has developed sector and/or country-specific low carbon roadmaps that help to inform its activities – for example, the roadmap for cement in Egypt. The Bank expects to continue to develop such roadmaps when the opportunity arises as part of its support activities to countries. See responses to comments 7.1.2, 7.1.8 and 7.1.10.

	hydrocarbon investments it supports must be consistent with a well below 2°C / 1.5°C scenario.		
7.3.2	EBRD should help countries to answer the question of how to reach a zero carbon economy. Specifically, the Bank should clearly and explicitly commit to a rapid and complete shift away from oil and gas, and toward zero emission development and decarbonisation, and incorporate the outcomes of the IPCC Report indicating no more investment in fossil fuels, for new plants as well as for infrastructure. The focus should be on carbon-neutral technologies (i.e. renewables).	WRI	The ESS notes that the Bank may rely on "consistency with: sector-specific performance standards; sector and/or country-specific pathways; and/or other sector-specific approaches" (see Annex C.II of the ESS). This would depend on whether robust pathways are available. As noted above, over time, the Bank expects consistency with NDCs will provide an increasingly robust approach to ensure investments help to deliver international climate goals. Also see responses to comments 7.1.2, 7.1.8 and 7.1.10.
7.3.3	The draft ESS, in slide 22, under the headline "Hydrocarbon and fossil fuel projects" should also include the point that eligible projects should be consistent with country specific decarbonisation pathways of the energy sector leading to zero emissions by 2050 at the latest.	WRI	See responses to comments 7.1.2, 7.1.8 and 7.1.10.
7.3.4	The draft ESS, in slide 24, should replace the term "cleaner", which is not specific, with "cleaner power generation in line with decarbonisation pathways by 2050 at the latest".	WRI	See responses to comments 7.1.2, 7.1.8, 7.1.10 and 7.3.2 regarding the Bank's position on pathways and meeting international climate goals.
7.3.5	The draft ESS, in. slide 3, should explicitly state its compliance with the target of full decarbonisation of the electricity sector by 2050.	WRI	See responses to comments 7.1.2, 7.1.8, 7.1.10 and 7.3.2, regarding the Bank's position on pathways and meeting international climate goals.
7.3.6	The draft ESS, in slide 18, should explicitly state	WRI	See responses to comments 7.1.2, 7.1.8, 7.1.10 and 7.3.2,

	that fuel switching to fuels not in line with Paris Agreement has to be avoided (new coal and oil). It should also be provided that increasingly this must also be the case also for gas, depending on country-specific decarbonisation pathways until 2050. Furthermore, switching-back needs to be excluded and compliance monitored.		regarding the Bank's position on pathways and meeting international climate goals.
7.3.7	The ESS should connect international and national climate action and, in general, where it references or re-affirms international goals, it should do likewise for national goals.	WRI	The ESS emphasises the importance of meeting international climate goals, but also sees NDCs (which are national plans) as being a critical means for achieving these. It therefore emphasises the important link between national and international climate goals, and the link between them.
7.3.8	The Bank should clean up oil and gas value chains not only by decreasing emissions but also by working with actors in the upstream to develop competencies e.g. the procurement of energy efficiency measures and renewable energy and the application of carbon pricing, which could have co-benefits for other areas of the economy and have direct linkages to Green Economy Transition.	WRI	Comment noted. The Bank is committed to supporting energy efficiency and renewable energy across all sectors and in all applications. This extends to working with clients to improve their capacity. Section 3.3 of the ESS has been amended to explicitly acknowledge this.
7.3.9	In order to get governments on board the decarbonisation process, there is a need for a Roadmap with deadlines, clear-cut criteria etc., which will involve both the government and the Bank.	ALM	Comment noted.
7.3.10	The Western Balkans region should incorporate and move towards Energy Community 2030 climatic	BEL	Comment noted. The Bank has supported its countries of operation in meeting their commitments under the Energy

	targets.		Community Treaty and stands ready to offer further assistance.
7.3.11	EBRD should promote, support and consider projects having a direct decarbonisation effect in Morocco by showing a rapid transformation of the energy mix and expanding the share of local renewables. With a more ambitious strategy on RES integration, the import dependency rate expected to be 95% in 2020 can fall up to 53% in 30 years, 1.4% less per year.	WRI	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
7.3.12	For fossil energy in Morocco, the support should following a gradual approach to assist local government, explorers, developers, refineries and distributors over the entire value chain to adopt cleaner sources of energy like lower emission diesel and gas.	WRI	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
7.3.13	The Bank, in slide 31 of the ESS, on the measures for identifying and mitigating the risk of investing in assets that result in carbon lock-in and/or become stranded, should replace "may include" with "will include".	WRI	The measures that will be applied will depend on the availability of information – particularly in relation to consistency with sector and/or country specific pathways and approaches. However, the assessments that account for key externalities, consistency with NDCs, promoting technological flexibility, and promoting contractual flexibility will apply to all fossil fuel projects that meet the relevant thresholds (see Annex C.III and Annex C.IV of the ESS).
7.3.14	The Bank, in slide 22 of the ESS should replace "account for flexibility in the design (both technical and contractual) of energy solutions to facilitate the	WRI	Transition in the context is referring to the overall transition to a decarbonised energy sector. As comment noted (see response to comment 7.1.8), the Bank

	energy transition" with "account for flexibility in the design (both technical and contractual) of energy solutions to facilitate the energy transitions" *Justification*: In its communique, G20 refers to the energy transition in plural 'transitions' stating that there are a number of ways of low-emission pathways.		acknowledges that a number of scenarios are possible for meeting international climate goals.
7.3.15	The upstream oil and gas sectors are strongly committed to addressing methane emissions, including flaring and venting. The industry has been working for many years to reduce methane emissions through mandatory and voluntary programmes. According to some estimates, about 40% of total methane emissions globally, come from biogenic (natural) sources, such as wetlands, while the other 60% are anthropogenic, or man-made. The ability to lower the near-term rate of global warming through reducing methane emissions provides society with a valuable mitigation option for climate risk management. However, it is important to note that CO2 remains the key focus for long-term climate change mitigation. Changes are proposed in slides 7, 16 and 36 ESS to reflect the role of methane. Also, regarding the statement by IEA in slide 41 ESS that "~40-50% of current methane emissions could be avoided at no net cost", there is no reference of any costing exercise that could have given the IEA that 40-50% no-cost figure.	WRI	Comment noted. The ESS references the figures reported by the IEA. The Bank has not verified the source of the figures quoted in external reports, but all references have been provided to allow readers to verify with the original sources.

7.3.16	The graph in slide 41 ESS should consider a life-cycle assessment of gas and coal supply chains to produce electricity in the EU and Asia by CIRAIG (the International Reference Centre for the Lifecycle of Products, Processes and Services). This analysis included the upstream emissions in the coal supply chain. Overall, the results show that on average life cycle GHG emissions are approximately 50% lower for natural gas chains than for coal chains for the same destination market. The CIRAIG study shows that in the case of Utica shale production (in the US), fugitive emissions would have to reach 11% (against an assessed level of 1%) in order to reach emissions parity with hard coal in Europe.	WRI	The figure shown in Annex E.VI of the ESS is illustrative and sources and assumptions are reported. The Bank acknowledges that other assumptions could also be used.
7.3.17	In case EBRD finances infrastructure projects with GHG emissions, a "climate fund" should be automatically established for the project and expected future removal costs for each ton of CO2eq emitted by the project should be paid into this fund. EBRD could estimate future removal and storage costs and use a standard number for all projects, e.g. 200 USD/t CO2eq.	WRI	Comment noted. This scheme would be practically difficult to implement. However, the Bank will apply a carbon price to fossil fuel projects that meet the relevant thresholds (see Annex C.IV of the ESS). This has the effect of internalising the cost of greenhouse gas emissions in decision making. Moreover, the ESS emphasises the Bank's support for developing carbon markets. These would result in projects emitting greenhouse gas emissions facing a cost of carbon.
7.4 General environmental questions (Biodiversity, Air quality, Resilience, etc.)			
7.4.1	The impact of renewables on biodiversity (such as the link between biofuels and invasive species or the effect of wind turbines on migratory birds) has	WAR	The Bank's approach to assessing and addressing the impacts of renewables on biodiversity are covered by its Environmental and Social Policy.

	not been analysed properly.		
7.4.2	Very little attention is paid in the draft Strategy to this issue of climate resilience, and only with regard to hydropower in the most extremely hydropower-dependent countries like Albania. In fact this is also an issue in countries which have much lower percentages of hydropower (e.g. Bosnia and Herzegovina, Croatia, Montenegro, Georgia). It should be made clearer that diversification of renewable energy is needed also in these countries.	WRI	Comment noted. The lessons learnt section (1.3 of the ESS) has been amended so note that resilience is an issue for COOs that are dependent on hydropower (and not just heavily dependent). The lessons learned section also acknowledges the importance of resilience in regions that are water-stressed (regardless of their dependence on hydropower). Finally, the Strategic Directions of the ESS refer to improving resilience in the sector as a whole, and not only hydropower ("promoting ... technologies and practices to enhance resilience (for example, dry-cooling, hydrological modelling and turbine upgrades)").
7.4.3	Sustainability should be integrated in the business models of future projects, both for RES and for fossil fuels, and best practices in that regard (CSR, SEIA, Created Shared value…) must be applied.	WRI	Comment noted. The Bank's approach to sustainability of renewables is contained in its Environmental and Social Policy. The ESS also notes that (see section 3.4 of the ESS): - "The Bank will promote the reporting and disclosure of emissions and carbon-related risks for companies with significant carbon assets and encourage the development of plans for decarbonisation. - More broadly, the Bank will support energy companies to improve practices, including environmental, health and safety and social practices, as well as corporate governance (for example, adoption of IFRS accounting)."
7.4.4	Climate resilience should be considered when planning new investments, particularly in relation to	LON,	Comment noted. The ESS emphasises the importance of resilience, including in the Strategic Directions.

	hydropower and droughts as well as hydropower and new RES.	KIE	
7.4.5	The Bank should increase climate resilience work and ensure that links with MEI and transport groups work in the Bank is emphasised.	LON	Comment noted. The ESS emphasises the importance of resilience, including in the Strategic Directions. The EBRD takes note of this comment for the upcoming MEI and transport strategies.
7.4.6	There is only one sentence on water impact from investment in hydro sources in the draft ESS and there is no mention of investments in fossil fuels and their impact on the water.	WAR	The Strategic Directions of the ESS refer to improving resilience of infrastructure, which is not limited to hydropower (for example, the ESS refers to dry-cooling technology). See section 3.1 of the ESS.
7.5 Monitoring and reporting of emissions			
7.5.1	The Bank should focus on monitoring and reporting of environmental data and emissions.	ALM	Comment noted.
7.5.2	The Bank, as a TCFD supporter, should require TCFD-aligned climate disclosure from all high-carbon companies it supports in any way - starting with at least coal, oil and gas companies. The EBRD should follow the example of the International Finance Corporation (IFC), which recently announced it will be developing a green equity investment approach including requiring intermediaries to publicly disclose their coal exposure and helping them to shift away from coal.	WRI	The ESS notes that "the Bank will promote the reporting and disclosure of emissions and carbon-related risks for companies with significant carbon assets and encourage the development of plans for decarbonisation" (see section 3.4 of the ESS).
7.5.3	The Bank should measure gross emissions in order to understand whether the energy supply emissions	WRI	The Bank measures both gross and net emissions. Both measures provide important information regarding the

	of the Bank's portfolio are moving towards zero or below by 2050. Also the Bank should use the gross emissions indicator in general (i.e. slide 6 ESS, slide 24 ESS, slide 25 ESS) since the indicator used (Total CO2e reduced/avoided from cleaner power generation (ton/year) does not inform about Paris alignment.		Bank's activities. Net emissions are an important and meaningful way to assess the impact of the Bank's activities. The emissions impact of an investment must be assessed against what would happen in the absence of the investment.
7.5.4	The EBRD should update its Global Warming Potential for methane to 86 times that of CO2, not 21 times anymore.	WRI	The Bank monitors and reports greenhouse emissions for projects with significant emissions footprints. Methane emissions are expressed in carbon dioxide equivalents using a global warming potential that is in line with the reporting standards of the Intergovernmental Panel on Climate Change (IPCC). The Bank will periodically update its approach on reporting GHG impacts to be in line with the most recent IPCC recommendations
7.5.5	The Bank's decision to promote the reporting and disclosure of emissions and carbon-related risks for companies with significant carbon assets as well as its support of the Task Force on Climate-related Financial Disclosures, is welcome.	WRI	Comment noted.
7.5.6	There is a lack of proper, adequate and accurate monitoring and reporting of emissions in countries in Central Asia, often made evident by a large divergence between empirical evidence on high air pollution and the officially reported data. What are the Bank's plans to strengthen monitoring and reporting of emissions and other environmental trackers?	ALM	The Bank assesses emissions at project level and have monitoring requirements during the lifetime of investments. EBRD works with governments on strengthening their institutional capacities - for example, by introducing market-based emission trading schemes in Kazakhstan, based on rigorous MRV protocols.

7.5.7	There is no generally accepted methodology on how to account for LNG terminal emissions and how LNG terminals affect the regional balance. LNG terminals have effects on the entire region, not just the country where they are established, and this should be taken into consideration.	WAR	Comment noted.
7.6 Climate risk, mitigation and adaptation			
7.6.1	Not enough is included in the draft ESS on climate risks. There is a mitigation / adaptation challenge. What are the Bank's plans to address climate risks and adaptation?	ALM, BEL	The Bank is actively engaged in climate change adaptation activities. Climate change adaptation features prominently in the Bank's Green Economy Transition approach. The Bank has also undertaken investments and policy engagement activities that enhance resilience (for example, in Tajikistan, Uzbekistan, Albania and Morocco). The discussion in the ESS on climate risks extends to both mitigation and adaptation (see Annex C.I of the ESS). Climate risks are also considered in other Bank policies and strategies, notably the Bank's Environmental and Social Policy.
7.6.2	If the mitigation and adaptation activities mentioned in slide 30 ESS are designed to be in line with Paris Agreement goals this should be explicitly stated, e.g.: "In particular, the Bank has several processes and procedures to promote Paris-aligned climate change mitigation and adaptation investments -	WRI	This sentence expands on the previous sentence that explicitly acknowledges "international climate goals". This extends to the Paris Agreement goals.

	most notably, those associated with the Green Economy Transition approach."		
7.6.3	Identifying the risk that the Bank's activities are inconsistent with mitigation and/or adaptation goals, stated in slide 30, is very important.	WRI	Comment noted.
7.6.4	On climate risk, the strategy should differentiate between physical climate risk and carbon risk (e.g. market or transition risk). The EBRD's decision to support the TCFD is a good one, but to date, this engagement appears to have focused more on climate risk, than carbon risk / market risk as well. Carbon 'stress tests' for EBRD countries would be a prudent step.	WRI	Comment noted. The discussion on climate risks in Annex C of the ESS refers to both types of risks.
7.6.5	An Annex should be added to show the climate vulnerability of COOs, as many will heavily suffer from the impacts of global warming.	WRI	Comment noted. An assessment of climate vulnerability is beyond the scope of the ESS. However, the Bank has conducted specific assessment in selected COOs on climate resilience issues – for example, assessments of water scarcity. Moreover, the Bank has been reviewing the findings of the latest IPCC report on Global Warming of 1.5 ° C, and this review extends to a better understanding of the impact of climate change in its COOs.
7.6.6	The bank should be involved in remediation projects.	ALM	Comment noted. The Bank will be involved in remediation projects provided they are consistent with its hydrocarbon criteria. See Annex C.III of the ESS.
7.6.7	Water quality should be included as a key driver of the draft ESS. Water quality affects climate change as well as air quality (methane emissions, which are	BEL	Comment noted. The Bank's approach to water quality is covered by its Green Economy Transition approach, which interfaces with the ESS.

	more harmful than carbon dioxide emissions) and can also result in dried-up riverbeds, which does not help with climate change.		
7.6.8	The EBRD's recognition of the necessity to address climate risks is welcome. Climate-risk-related information, including potential legal risks, is essential to support an informed public debate in fossil-fuel-rich countries around questions of whether and how far to develop fossil fuel resources. EBRD should consider additional climate-related risks associated with fossil fuel projects.	WRI	Comment noted.
7.6.9	The Bank, in slide 18 of the ESS should replace "Sustainable energy: Achieving the SDGs and the goals of the Paris Agreement will require considerable climate change mitigation and adaptation measures. This includes increasing Renewable Energy generation, rolling out smart technologies, capturing significant emission savings in large greenhouse-gas-emitting sectors such as oil and gas, and making domestic energy supplies climate resilient. This will contribute to building more efficient, low-carbon, flexible and resilient energy systems and improving air quality" with "Sustainable energy: Achieving the SDGs and the goals of the Paris Agreement will require considerable climate change mitigation and adaptation measures. This includes increasing the share of sustainable Renewable Energy and natural	WRI	Comment noted. The ESS includes an extensive discussion on the potential roles of natural gas, which vary across countries and regions. The ESS also refers to the potential for carbon capture and use/storage under the broader discussion on the role of innovation.

	gas in generation, rolling out smart technologies, deploying CCSU, low-carbon hydrogen, and making domestic energy supplies climate resilient. This will contribute to building more efficient, low-carbon, flexible and resilient energy systems and improving air quality." Justification: As natural gas is a cleaner-burning fuel, it can contribute to the achievement of SDG 13 "Climate Change". Thanks to its affordability, natural gas can help delivering "Affordable and clean energy" (SDG 7). By reducing energy poverty, natural gas could be considered as a partner for governments to deliver SDG 1 ("no poverty") and SDG 8 ("Decent work and economic growth"). Deployment of gas in the transport sector improves air quality in cities, whilst contributing to the achievement of SDG 11 ("Sustainable cities and communities").		
7.7 Decarbonisation plans of companies			
7.7.1	The EBRD's recognition of the necessity to encourage the development of plans for decarbonisation is welcome.	WRI	Comment noted.
7.7.2	The Bank, as a prerequisite for financing eligibility, should make sure that prospective clients develop and implement their own decarbonisation plans over their entire portfolio of activities, based on science-based climate targets. Moreover, that the clients actually commit to decarbonisation and in fact	WAR, WRI, LON	The ESS notes that the "Bank will promote the reporting and disclosure of emissions and carbon-related risks for companies with significant carbon assets and encourage the development of plans for decarbonisation" (see section 3.4 of the ESS). The Bank has robust monitoring procedures for its investments. Commitments made as part of the

	reduce their overall emissions. Finally, the Bank should monitor the implementation of those plans.		Bank's investments are also monitored.
7.7.3	The Bank should consider additional obligations on fossil fuel companies to disclose the economic viability of each project under various climate policy delivery scenarios.	WRI	Comment noted. For Bank projects, economic viability will be assessed as part of the application of the Bank's shadow carbon pricing approach (see Annex C.IV of the ESS).
7.7.4	The Bank should follow the example of IFC, which issued a statement that they will only work with clients that have plans in place to reduce emissions and coal dependence in the next five (5) years.	LON	Comment noted. The Bank's position on such issues has been informed by a number of considerations.
7.7.5	The Bank should set corporate climate targets related to decarbonisation (similar to the Climate Action 100+ Initiative) as a prerequisite for the Bank's prospective clients, combined with disclosure.	LON	The ESS notes that the "Bank will promote the reporting and disclosure of emissions and carbon-related risks for companies with significant carbon assets and encourage the development of plans for decarbonisation" (see section 3.4 of the ESS).
7.7.6	Although the Bank intervened a number of times in Serbia with the goal to restructure the sector, the results are not readily evident. The Bank has given 200 million to Elektroprivreda Srbije (EPS) for restructuring, which in fact helps EPS to speed up investments and development of coal mining projects and of new thermal coal projects, while at the same time EPS is producing record amounts of emissions. Restructuring needs to be defined as a requirement for financing. In order for restructuring to be meaningful as a requirement, serious changes in the structure of production must be mandated by the Bank, not just ownership.	BEL	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.

8. Hydropower

N	Comment	Venue	EBRD Response
8.1 Sustainability of hydropower			
8.1.1	Some participants requested clarification about whether the Bank plans to finance hydropower projects under the new ESS. A number of participants urged the Bank to consider its support to future hydropower developments, taking into account social and environmental concerns as well as water quality. The Bank should consider implementing measures to offset negative impacts of any hydropower developments that it considers supporting.	BEL KIE	Comment noted. The Bank will continue to finance sustainable hydropower projects that are consistent with Bank's mandate, its procedures and its policies (including, for example, its Environmental and Social Policy).
8.1.2	The EBRD should not support any new hydropower projects, particularly those: • in EU countries and countries largely dependent on hydropower. • in COOs that have capacity gaps in terms of their energy policy planning, including on renewable energy. • that impact freshwater ecosystems of high ecological importance (e.g. environmentally protected areas) or endanger biodiversity.	WRI, BEL	EBRD will continue to support sustainable hydropower projects that can be designed and implemented in line with the Bank's various strategies and policies.
8.1.3	The Bank should invest in hydropower only after performing a clean and thorough analysis of environmental and social impacts and risks, and applying EU legislation (Water Framework, Birds	BEL, WRI	The Bank notes that this comment is aligned with EBRD's approaches, strategies and policies.

	and Habitats Directives) where applicable. The Bank should also apply a number of other requirements and continuously monitor performance of requirements.		
8.1.4	The Bank should take into consideration the opinion of local communities affected by a hydropower plant, before approving financing for it.	WRI	The EBRD is committed to openness and transparency as a principle of its engagement with stakeholders. EBRD's ESP and PR10 in particular set out the Bank's requirements on Stakeholder Engagement and Information Disclosure.
8.1.5	The Bank should assist Kyrgyzstan and Tajikistan with the development of their large hydropower potential.	ALM	The scope of the ESS covers all of the Bank's countries of operations. Issues specific to individual countries are covered in the Bank's country strategies.
8.1.6	Hydropower has cross-regional impact and this should be considered by the Bank.	ALM	Comment noted.
8.1.7	There is an assumption in the draft ESS that in the Western Balkans, hydropower installed capacity will increase from 8.2 GW to 13 GW in the graphs (and 12 GW in the text of the ESS). This increase cannot take place in a way that is in line with EBRDs Environmental and Social Policy. Countries of the Western Balkans are moving towards joining EU and will have to adhere to the EU Water Framework, Birds and Habitats Directives.	BEL, LON, WRI	Comment noted. Annex F of the ESS has been updated to acknowledge this concern.
8.1.8	Is financing of refurbishment for hydropower plants considered under the draft ESS?	LON,	The Bank will continue to finance hydropower projects, including rehabilitation. Individual investments need to be

		CAS	consistent with Bank's mandate, its procedures and its policies (including, for example, its Environmental and Social Policy).
8.1.9	New hydropower should be examined from the perspective of climate resilience and biodiversity. The diversification of energy sources should be promoted for countries dependent on only one energy source.	KIE	Climate change adaptation is a key GET pillar and the Bank systematically screens its investment pipeline for climate sensitive projects which might benefit from climate change adaptation measures. Considering that the hydropower sector is particularly sensitive to climate change impacts, the Bank integrates climate change adaptation considerations in its HPP investments. Together with the International Hydropower Association the Bank is developing climate resilience guidelines for the hydropower sector which will reflect industry best practice approaches for greenfield and rehabilitation projects. The Bank plans to pilot these guidelines and apply them across future hydropower projects. In terms of biodiversity, EBRD's PR6 applies to all EBRD investments.
8.2 Small Hydropower Plants			
8.2.1	Between large and small hydropower plants, large hydro is considered worse and small hydro is considered better, but this needs to be evaluated on a case-per-case basis.	BEL	Comment noted.
8.2.2	Many countries (e.g. Kyrgyzstan, Tajikistan) have regulatory issues related to the development of small hydropower plants.	ALM	Comment noted.
8.2.3	In many countries (e.g. Kyrgyzstan, Tajikistan) it is difficult to secure access to financing for SHPP	ALM	

	projects		
8.2.4	The Bank needs to clearly differentiate between small and large hydropower plants and to clearly state that it will not finance projects that endanger rivers and biodiversity.	BEL	Definitions of large and small HPP are not the primary issue and are somewhat of a distraction. EBRD will support sustainable hydropower regardless of size.

9. Innovation and emerging technologies

N	Comment	Venue	EBRD Response
9.1 General Observations			
9.1.1	Mention of waste to energy should be removed as burning waste is neither innovative nor a sustainable solution to waste problem. At minimum the Bank should have clear criteria\conditions, including functioning waste separation framework in place, before it will consider supporting any waste-to-energy projects.	WRI	In determining whether to support a waste to energy investment, the Bank looks at all options, including existing institutional arrangements, energy mix and recycling efforts. Given that the needs of municipalities vary greatly, the Bank will take a tailored approach going forward but envisages that waste to energy projects will continue to be part of the energy mix. The EBRD's Environmental and Social Policy and associated Performance Requirements also establish criteria for such EBRD financings. Investments must meet EU environmental standards, including Best Available Techniques and EU Industrial Emission Directive, and meet EBRD's requirements for impacts on biodiversity and the natural habitat.
9.1.2	Turkey is not mentioned in the list of countries and funding for innovation.	IST	The list is limited to potential examples and is not intended to be exhaustive.
9.1.3	The Bank should focus more on funding for research and development (R&D) and innovation. R&D expenditure should be at least 2% of gross domestic product (GDP) across the SEE region by 2025, now it is less than 1%.	BEL	Individual investments need to be consistent with Bank's mandate, its procedures and its policies. This includes the application of sound banking principles, under which investments must be commercially viable. Investments that include R&D that meet the Bank's requirements can be considered. In addition, EBRD has a number of programmes to provide technical assistance to companies developing

			innovative climate technologies and services – for example, Innovation Voucher Scheme in Serbia, Turkey and Ukraine.
9.1.4	Entering the digital era, the Bank should encourage innovation in wind and solar technologies that reduce costs.	WRI	Comment noted.
9.1.5	Consider phase change material (PCM) heating and hybrid solar PV/heating solutions.	WRI	Comment noted.
9.1.6	There is a need for demonstration projects, for example electric vehicles. The electric vehicles (EV) sector could be difficult to start in small countries but the Bank can help. It is important for awareness raising and for initiating the use of clean technologies to finance and support "demonstration" projects, particularly in new technologies.	CAS	Comment noted. The EBRD supports financing of first and second waves of renewable energy projects as presented in section 2.5 of the ESS. The EBRD is supporting the shift to electrification and recently provided financing for the addition of electric buses and charging stations in Sofia, Bulgaria.
9.2 Electric Vehicles			
9.2.1	The Bank should put focus on the EV sector, particularly in small countries where it would be difficult to achieve significant progress unassisted. The transport sector contributes the most to global warming and the key for a sustainable transport sector is the immediate introduction of electric vehicles.	ALM, WRI, CAS	The EBRD supports the electrification of transport. The EBRD's Municipal and Environment Infrastructure and Transport Sector Strategies are scheduled to be reviewed and a new strategy developed during 2019. See sections 2.4, 3.1 and Annex D of the ESS for more details.

9.3 Carbon Capture Technologies & Hydrogen			
9.3.1	The draft ESS does not mention the possibility of investment in innovation regarding Carbon Capture technologies.	IST	Carbon Capture is included under sections 2.8, 2.9, and Annex H of the ESS.
9.3.2	Greater emphasis on CCS would be welcome, especially in light of EBRD's continued support for gas. There is considerable scope for emissions-reducing interventions in CCS, both for power and for industrial gas use. The option for hydrogen production from natural gas with CCS should also be considered.	WRI	Comment noted. CCS and Hydrogen are included the ESS under sections 2.8 and 2.9, and Annex H.
9.3.2	"Green gas" needs to be defined. The role of "green gas", hydrogen from gas and CCS in general will not be viable in the next five years and should not be supported.	WRI	Comment noted. Individual investments need to be consistent with Bank's mandate, its procedures and its policies. This includes the application of sound banking principles, under which investments must be commercially viable.
9.3.4	The Bank should consider that Carbon Capture and Storage (CCS) and Carbon Dioxide Removal (CDR) technologies, as well as the generalised advent of negative emissions, lie very far from the present. Due to uncertainties and potential problems regarding CCS development, the Bank should not finance such projects.	WAR, WRI	Comment noted. See response to comment 9.3.2.
9.3.5	Coal will remain important in Central Asia countries for the next ten to fifteen years and technologies that reduce emissions from coal (for	ALM	To support the decarbonising of power generation, the EBRD will no longer finance coal-fired electricity generation capacity, including upgrades to existing plants.

	example CCS) could be financed for existing coal assets.		
9.3.6	The Bank should focus on Carbon Capture and Management (CCM) technologies, allowing for investment near pollutant-heavy regions with utilisation of carbon dioxide for uses such as greenhouses, algae plantations, food and beverage industry, chemical industry, medicine, etc.	BEL	Comment noted.
9.3.7	Existing CCS and CCU technologies do not economically deal with the issue of emissions. New technologies must be explored. The Bank should create an "innovation department" that would, among other competencies, deal with innovative approaches to CCS technologies.	WRI	Comment noted. The EBRD has a track record of advising clients on the adoption of innovative technologies. Please note, individual investments need to be consistent with Bank's mandate, its procedures and its policies. This includes the application of sound banking principles, under which investments must be commercially viable.
9.3.8	The Bank should consider hydrogen as an answer to flexibility concerns caused by large uptake renewables of intermittent renewables.	KIE	Hydrogen is presented under sections 2.8, 2.9 and Annex C.II of the ESS.
9.4 Storage			
9.4.1	Energy storage is already relatively mature and cost effective in certain cases. It is particularly useful in balancing RE intermittency. The Bank should develop tools for financing storage and batteries and actively promote investment in energy storage technologies.	WRI, KIE, CAS	Storage is presented under sections 2.8, 2.9 and Annex H of the ESS. The Bank is actively engaged in assisting its COOs on energy storage (for example, facilitating the provision of advice on battery storage in Jordan).
9.4.2	A more holistic approach is needed, that takes into consideration the combination of RE, storage and	LON,	Comment noted.

	demand response (possibly even flexible thermal generation) to address the intermittency problem of renewables. Integrated / hybrid projects should be a priority for the Bank.	WRI	
9.4.3	Consider gravity storage, a novel way to use the well understood and widely used pumped hydro technology in arid and desert areas.	WRI	Comment noted. The Bank considers all types of storage technologies.

10. Natural Gas

N	Comment	Venue	EBRD Response
10.1 Natural gas as a transition fuel			
10.1.1	Natural gas is overemphasised in the draft ESS. Natural gas appears to be a "pillar" of the Bank's priorities for the next 5 years. Less focus should be placed on gas in the draft ESS, since it also appears to overshadow renewables and energy efficiency. It must be clear in the ESS that gas will only be used to assist the uptake of renewables and the process of transition.	IST, WIR WAR BEL, KIE, LON	The ESS recognises a limited number of roles for natural gas in the energy transition. These roles will depend on the contexts of individual countries (and/or regions). The potential roles including facilitating the scaling-up of intermittent renewable energy sources and as an alternative to more polluting fuels. The extensive discussion on gas in the ESS is intended to clarify the (limited) contexts and ways in which natural gas may be part of the energy mix for a transition period. Natural gas is not a "pillar" of the ESS. The aim of the ESS is to deliver secure, affordable and sustainable energy. This will primarily be through scaling-up investments in renewable energy sources (and energy efficiency, which is covered in a number of the Bank's strategies) and supporting their integration into energy systems.
10.1.2	Various preferable alternatives to gas as a transition fuel exist: a combination of energy efficiency, high penetration of renewables, storage, and even regional balancing markets can be used in place of gas to drive the transition.	WRI, BEL, IST, WAR	The aim of the ESS is to deliver secure, affordable and sustainable energy. This will primarily be through scaling-up investments in renewable energy sources (and energy efficiency, which is covered in a number of the Bank's strategies) and supporting their integration into energy systems. The ESS also emphasises the role of regional integration. Nonetheless, natural gas is expected to have a role in the

			energy transition. This role will vary across countries and regions. This includes supporting the scaling-up of intermittent renewable energy sources, or enabling the switch away from more polluting sources. To ensure that natural gas investments do not crowd out renewables and/or energy efficiency, the Bank will conduct an economic assessment of project with significant emissions footprints. These economic assessments will compare natural gas option to other feasible alternatives (including, where feasible, renewables and energy efficiency).
10.1.3	Investment in gas can crowd out renewables and energy efficiency investment.	WRI	Comment noted. To ensure that natural gas investments do not crowd out renewables and/or energy efficiency, the Bank will conduct an economic assessment of project with significant emissions footprints. These economic assessments will compare natural gas option to other feasible alternatives (including, where feasible, renewables and energy efficiency).
10.1.4	Gas can increase flexibility and help with increased renewables uptake.	BEL WRI	Comment noted.
10.1.5	Gas does not play a role as a transition fuel. It is not aligned with the Paris Agreement neither is it compatible with the latest findings of the IPCC Report on a 1.5 degree Celsius target. Financing of gas projects should stop.	WRI, LON	The ESS (specifically Annex E of the ESS) sets out the potential roles of natural gas in the energy transition. These will be limited in nature and will depend on country and/or region specific conditions. Views on the precise role of natural gas in pathways consistent with the Paris Agreement vary.
10.1.6	The IEA SDS expects natural gas to become the largest single fuel in the global energy mix.	WRI	Comment noted. Please see above for clarification on the role of natural gas envisaged by the ESS.

	Therefore, the national climate policy frameworks, energy and climate plans as well as upcoming NDCs should fully recognise the opportunities that can be brought by the use of gas.		
10.1.7	Natural gas as a transition fuel does not make sense for countries and regions (such as the Western Balkans) that do not have domestic gas reserves and established infrastructure, neither from a security of supply perspective nor from an economic perspective. It also sends the wrong message to decision makers.	BEL	The ESS notes that the role of natural gas will vary across countries. Moreover, the specific role that gas has will depend on a number of factors. This can include whether there are indigenous gas sources or whether gas infrastructure is already well-developed in a country. However, these factors alone will not determine the role of gas. Some countries may not currently have access to gas, but are located close to current or planned infrastructure that provides access to international gas markets. The sustainability, economic feasibility and energy security implications of individual gas options will be context specific and should be assessed on an individual basis against a variety of criteria. The criteria set out in the ESS are intended to account for different considerations to arrive at a robust decision regarding gas investments.
10.1.8	Gas will not bring sufficient improvements on climate impact over coal.	BEL, WRI, LON	Whether gas can achieve significant improvements over coal depends on a number of characteristics. These include, for example, emissions across the gas value chain. See Annex E.VI of the ESS, which compares the greenhouse gas impacts of coal and natural gas in the context of power generation.
10.1.9	Given the benefits of natural gas as a low-carbon fuel, its role should be acknowledged in the	WRI, LON	Comment noted. Annex E of the ESS acknowledges the role of natural gas in different contexts.

	Strategy, particularly since not all renewable energy is sustainable.		
10.1.10	The criteria on gas financing in general are rather flexible and it is difficult to monitor their implementation. Various additional criteria, prerequisites and conditions must be adopted to make sure that gas financing is aligned with Paris Agreement.	WRI, BEL, LON	The ESS notes that the role of natural gas will vary across countries. Moreover, the specific role that gas has will depend on a number of factors. The criteria for gas investments therefore consider a number of aspects to arrive at an informed decision regarding gas investments, including their implications for climate change.
10.1.11	Gas investments must be consistent with Paris-aligned decarbonisation pathways, fulfil clear requirements and have a very limited share.	WRI	The ESS (specifically Annex E of the ESS) sets out the potential roles of natural gas in the energy transition. These will be limited in nature and will depend on country and/or region specific conditions. Views on the precise role of natural gas in pathways consistent with the Paris Agreement vary.
10.1.12	Fuel switching from coal to gas must be in line with a decarbonisation pathway by 2050 at the latest and monitoring must ensure that no switching back takes place. Carbon lock-in must be considered when switching.	WRI	Comment noted. The ESS sets out a number of criteria that will apply natural gas investments. These set out how the Bank intends to mitigate the risk of carbon lock-in (and stranded assets – see Annex C of the ESS). The criteria are also outline how the Bank intends to ensure that its natural gas investments do not undermine climate change goals. The Bank has robust procedures to monitor projects, which ensures that the Bank's financing is used as intended (or that the Bank's permission is sought if there are any changes from planned activities). The ESS also rules out financing for coal-fired generation assets. This will ensure that fuel-switching investments are not reversed.
10.1.13	Fuel switching from coal to gas is viable only if	WRI	The ESS notes that the role of natural gas will vary across

	the project takes place in a country that is very dependent on coal (>50% of annual power production) and if the infrastructure must be considered the least carbon-intensive of the realistically available options, as demonstrated by an independent assessment.		countries. Moreover, the specific role that gas has will depend on a number of factors. The existing share of coal will influence the role of natural gas, but other factors will also need to be considered. In some cases, coal may have a lower share than 50%, but there may still be an important role for natural gas. While in others, coals share may be more significant, but a transition to renewables (rather than natural gas) may be possible. The ESS therefore applies a number of criteria to arrive at a more informed decision of the merits of a natural gas investment. This includes an economic assessment that accounts for key externalities (including greenhouse gas emissions). The economic analysis will compare investments to other feasible alternatives to ensure that natural gas is not selected when other, lower carbon, alternatives are more economically attractive.
10.1.14	Investing in high-efficiency gas-fired power plants (CCGT and CHP) today can bring immediate efficiency gains and significant carbon reductions. A switch from coal-fired to modern gas-fired power plants could alone meet the 2020 CO2 emissions reduction target and make significant progress towards the 2050 objectives.	WRI	Comment noted. The discussion in Annex E of the ESS acknowledges these features of natural gas.
10.1.15	In the case of natural gas for heating, returns from gas investments will not be paid off in a reasonable amount of time.	BEL	The Bank is committed to applying sound banking principles. Each project financed by the Bank is subject to an assessment to verify its financial viability.
10.1.16	The Bank should consider the benefits of Liquefied Petroleum Gas (LPG) over natural gas	WRI	Each project undertaken by the Bank is assessed in a variety of ways (financial, environmental, social, etc.). Investments

	and liquefied natural gas (LNG).		with significant emissions footprints will be subject to an economic assessment, which will include a comparison between different options. The Bank will consider both LPG and LNG projects (which will be subject to its gas criteria). However, the Bank does not have a position on the relative merits of LPG and LNG.
10.1.7	The draft strategy should be revised to ensure stronger and more ambitious commitments on oil and gas.	WRI	Comment noted.
10.2 Natural gas infrastructure			
10.2.1	Gas pipelines (such as TANAP) financed in the following years carry the risk of becoming stranded assets.	WRI	The ESS recognises the risk of stranded assets (see Annex C.II of the ESS). Although all assets face the risk of becoming stranded, climate change poses a specific set of risks to fossil fuel assets such as gas pipelines. The Bank use measures to identify and mitigate the risk of investing in assets that result in carbon lock-in and/or become stranded. These will be continuously refined over time, but include: economic assessments that account for key externalities and compare the asset to other feasible alternatives; consistency with NDCs; promoting technological flexibility; promoting contractual flexibility; as well as other measures.
10.2.2	Does the Bank foresee a potential for using gas infrastructure for hydrogen?	IST	The ESS acknowledges the potential for gas infrastructure to be used in different ways over time, including the possibility of hydrogen use.

10.2.3	The planned TAP pipeline will not be able to satisfy the gas demand in the case of coal replacement with gas, coal will still need to play a role.	BEL	Natural gas can be one of the possible options for replacing coal in the energy mix in the Western Balkans region. Other alternatives include renewable energy sources, energy efficiency and greater cross-border trading.
10.2.4	The methodology of application of the criteria for gas infrastructure investment is not shown in the ESS and the criteria can be manipulated for politicised projects (such as TAP/TANAP). Additional criteria must be considered for investment in gas infrastructure. Examples of such additional criteria are whether investment helps reduce fugitive emissions and whether it is aligned with a pathway to full decarbonisation by 2050.	WRI	The ESS notes the following criteria for natural gas infrastructure investments: • Investments meeting the relevant criteria will be subject to an economic assessment (which will account for key externalities and apply a shadow price of carbon). • All investments will be consistent with the Bank's Environmental and Social Policy (including requirements for using best available techniques). • All investments will need to be consistent with NDCs. • Investments will not displace less carbon-intensive sources, or lead to carbon lock-in or stranded assets. • Investments will account for flexibility in the design (both technical and contractual) of energy solutions to facilitate the energy transition. An outline of the economic assessment is provided in the ESS (see Annex C.IV). Further details of the economic assessment (which the Bank will be introducing from 2019 and which will apply a shadow price of carbon) will be published by the Bank. Pathways for decarbonisations reflect scenarios that provide important and helpful insights into the impact of activities

			with respect to climate change. However, the Bank's activities are not anchored in any single scenario. Such scenarios represent one possible approach for meeting international climate goals. Individual scenarios rely on a range of assumptions, and there are typically several possible scenarios for meeting international climate goals.
10.2.5	Investment in gas infrastructure should also be examined under the perspective of sources of financing, in particular whether infrastructure will be financed by private sources or by public funds with regulated third-party access.	BEL	Comment noted. The Bank's mandate is to promote the transition to market-oriented economies. Supporting private sector participation can facilitate this transition. However, the Bank also recognises the role of public funds.
10.2.6	Instead of focusing on new infrastructure, a priority of the ESS should be the modernisation and rehabilitation of old existing infrastructure for gas.	WRI	The Bank's activities cover both greenfield and brownfield investments. The Bank has a robust set of procedures to assess projects. Each project is assessed form a range of perspectives, including financial and environmental assessments. From 2019, projects with significant emissions footprints will be subject to an economic assessment (which will compare the project to other feasible alternatives).
10.2.7	Gas infrastructure projects financed by EBRD in Bosnia and Herzegovina (for heating) have not been utilised due to high cost of gas and low cost of electricity/biomass for heating in the country.	BEL	The scope of the ESS covers all of the Bank's countries of operations. Issues specific to individual countries are covered in the Bank's country Strategies. The specific features of past projects are not covered by the ESS. However, the ESS recognises the risks faced by infrastructure assets such as the risk of stranded assets (see Annex C of the ESS).
10.3 Natural gas investment lifetime & risk of stranded assets			
10.3.1	Investments in gas infrastructure involve a long	IST,	The ESS recognises the risk of stranded assets (see Annex

	term commitment in gas that is incompatible with decarbonisation targets and may result in carbon lock-in and stranded assets.	WRI, WAR	C.II). Although all assets face the risk of becoming stranded, climate change poses a specific set of risks to fossil fuel assets such as gas pipelines. The Bank will use measures to identify and mitigate the risk of investing in assets that result in carbon lock-in and/or become stranded. These will be continuously refined over time, but include: economic assessments that account for key externalities and compare the asset to other feasible alternatives; consistency with NDCs; promoting technological flexibility; promoting contractual flexibility; as well as other measures.
10.3.2	The draft ESS has a duration of 5 years but should take into consideration the long-term effects of any decisions made during this period, which will have effects in the economy for 20-30 years.	IST, BEL, WAR	The Bank's criteria for assessing natural gas projects includes an economic assessment (involving a shadow carbon price) that is conducted over the course of the economic life of the project (for projects that have a significant emissions footprint). The criteria therefore account for long-term effects of the decision (and not just the period for which the Bank finances the project).
10.3.3	The "stranded asset" notion does not acknowledge projections for increase in energy demand, nor the role that natural gas and CCS or hydrogen & biogas can play.	WRI	The ESS recognises the risk of stranded assets (see Annex C.II). Although all assets face the risk of becoming stranded, climate change poses a specific set of risks to fossil fuel assets such as gas pipelines. The Bank will use measures to identify and mitigate the risk of investing in assets that result in carbon lock-in and/or become stranded. These will be continuously refined over time, but include: economic assessments that account for key externalities and compare the asset to other feasible alternatives; consistency with NDCs; promoting

			technological flexibility; promoting contractual flexibility; as well as other measures. Options such as the use of CCS, hydrogen or biogas represent ways in which technological flexibility may be able to mitigate the risk of stranded assets.
10.3.4	If a gas project's lifetime is beyond the point where net zero emissions have been decided according to international agreements and obligations (indicatively, the year 2050), the Bank should not finance it. The Bank and investors need to incorporate the limited time horizon into their economic and financial evaluations, as electricity generation from CO2 emitting gas must not exceed the year 2050 in order to stay within the global temperature goal.	IST, WRI	The Bank will take several considerations into account when assessing natural gas projects. This includes, for example, conducting an economic assessment (involving a shadow carbon price) over the course of the economic life of the project (for projects that have a significant emissions footprint). Other considerations include the contractual framework for a gas asset (including its implication for how the asset is likely to be used over the course of its life). Assessing several considerations will provide a more robust approach to ensuring natural gas investments do not undermine efforts to address climate change than relying on a single criterion.
10.3.5	What is the foreseen duration of the transition that mandates usage of natural gas as a transition fuel?	IST	The period over which natural gas is a transition fuel will vary across countries and regions. Moreover, it will depend on other factors, such as technological developments or the pace at which emissions reductions are achieved by countries. This warrants a prudent approach to natural gas investments. The ESS therefore specifies criteria that investments with significant greenhouse gas emissions footprints will need to meet.
10.4 Geopolitical issues			

10.4.1	Geopolitical concerns, particularly related to countries with large gas reserves (such as Russia and Arab countries) which may use gas revenue to fund illegal activities and increase aggression, should be considered.	WAR, BEL	The ESS recognises energy security as an important policy concern. The ESS takes a broad view of energy security, recognising that diversification of sources, in particular through better integration into regional markets, can deliver it more effectively and efficiently. The ESS also recognises the importance of good governance, including in fossil fuel industries. The ESS notes that the "Bank will finance projects that promote improvements in the corporate governance and corporate social responsibility of its clients, and that also comply with the principles of the Extractive Industries Transparency Initiative at company and country level."
10.4.2	Geopolitical concerns related to security of supply in the case of increased gas dependence should be taken into consideration.	BEL, KIE	The ESS recognises energy security as an important policy concern. The ESS takes a broad view of energy security, recognising that diversification of sources, in particular through better integration into regional markets, can deliver it more effectively and efficiently.
10.4.3	The Bank should examine possible linkages between fossil fuels and totalitarian/authoritative regimes and consider whether supporting fossil fuels provides support for such regimes and makes renewable uptake more difficult, due to the vested interest of such regimes in fossil fuels.	WAR	The ESS recognises the importance of good governance, including in fossil fuel industries. The ESS notes that the "Bank will finance projects that promote improvements in the corporate governance and corporate social responsibility of its clients, and that also comply with the principles of the Extractive Industries Transparency Initiative at company and country level." The Bank recognises that renewable energy sources face a number of barriers, including support provided to fossil fuels.

10.4.4	Promoting gas in the region raises foreign policy concerns, given that not all countries will agree with the EU's line on diversifying away from Russian suppliers.	WRI	The ESS recognises energy security as an important policy concern. The ESS takes a broad view of energy security, recognising that diversification of sources, in particular through better integration into regional markets, can deliver it more effectively and efficiently.
10.4.5	EBRD should support setting up gas hubs which will facilitate Ukraine's entry into the European gas market.	KIE	The scope of the ESS covers all of the Bank's countries of operations. Issues specific to individual countries are covered in the Bank's country Strategies. More generally, the ESS notes that the Bank will support "different types of gas infrastructure that improve interconnectivity (and) create well-functioning markets".
10.5 Upstream gas exploration			
10.5.1	The EBRD should at least mirror the World Bank's commitment to not support any more upstream gas exploration and development. Any weaker commitment would make the EBRD lag behind, despite its policy being finalised one year later than the World Bank's one and shortly after the publication of the IPCC 1.5°C scenario.	WRI	Comment noted. The EBRD's position on fossil fuels reflects a number of considerations. The ESS sets out the circumstances in which natural gas could play a role in the energy transition. The Bank could therefore continue to invest in the natural gas sector in line with the specific criteria outlined in the ESS (see Annex C.III).
10.5.2	The Bank should increase investment in gas exploration and extraction, particularly to create and increase domestic reserves.	ALM, LON, BEL	The Bank remains open to investments in upstream gas. However, such investments must meet the relevant criteria (see Annex C of the ESS for the criteria). The ESS recognises that the role of natural gas will be limited and will be specific to country and regional conditions. The aim of the ESS is to deliver secure, affordable and

			sustainable energy. This will primarily be through scaling-up investments in renewable energy sources (and energy efficiency, which is covered in a number of the Bank's strategies) and supporting their integration into energy systems.
10.5.3	Is upstream gas exploration financed and if so, for how long does the Bank plan to make those drilling projects.	IST	The Bank remains open to investments in upstream gas that meet its criteria (see Annex C of the ESS for the criteria). The ESS will be in force from 2019 to 2023, at which the point the Bank's position on all energy sector issues will be revisited. The Bank, however, may revise its position earlier if external developments warrant a change in policy.
10.5.4	The Bank should remove "Number/volume of investments in upstream gas" as an indicator in the Performance Monitoring Framework, as this is a wholly inappropriate metric for assessing EBRD's success in a carbon-constrained world.	WRI	The Performance Monitoring Framework is intended to track the Bank's activities in the energy sector. It does not represent a target that the Bank intends to achieve. Nor is it a measure of success. As the Bank remains open to investments in upstream gas that meet its criteria, this indicator has been retained.
10.5.5	The Bank should support onshore and offshore exploration and extraction activities in Morocco.	CAS	Comment noted. The scope of the ESS covers all of the Bank's countries of operations. Issues specific to individual countries are covered in the Bank's country Strategies.
10.5.6	The Bank should help with regulatory reform to liberalise the gas market in Ukraine which has lots of monopolies. The upstream gas regulator is not well reformed (i.e. it is still politically dependent).	KIE	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. More generally, the ESS emphasises the Bank's support for developing well-functioning energy markets through infrastructure investments and policy engagement (see section 3.2 of the ESS).

11. Nuclear Power

N	Comment	Venue	EBRD Response
11.1	Does the draft Strategy cover also nuclear power?	IST	The ESS also covers the Bank's activities in nuclear power. The ESS notes that "while the Bank will not provide funding for the construction of new nuclear power plants it will continue to consider funding for safety improvements of operating plants as well as for radioactive waste management and decommissioning of nuclear facilities" (see section 3.4 of the ESS).
11.2	Not enough emphasis in the draft ESS about the move away from nuclear power and financing new nuclear plants.	IST	Comment noted. The Bank does not finance new nuclear power. See section 3.4 of the ESS and response to comment 11.1 for the Bank's position on nuclear power.
11.3	Financing for safety improvements for nuclear plants must ensure that it will not lead to lifetime extensions of very old reactors due for shut down. A recent safety upgrade programme for a Ukrainian nuclear power plant that had the effect of extending the plant's lifetime should be taken into consideration.	WRI, LON	Comment noted. The Bank's operations in nuclear power are limited to safety improvements, radioactive waste management and decommissioning. See section 3.4 of the ESS and responses to comments 11.1 and 11.2 for the Bank's position on nuclear power.
11.4	Financing for nuclear must be limited to decommissioning since financing safety improvements and waste disposal can lead to an extension of the lifetime of old reactors. A recent safety upgrade programme for a Ukrainian nuclear power plant that had the effect of extending the plant's lifetime should be taken into consideration.	WRI	Comment noted. The Bank's operations in nuclear power are limited to safety improvements, radioactive waste management and decommissioning. See section 3.4 of the ESS and above for the Bank's position on nuclear power.

12. Oil

N	Comment	Venue	EBRD Response
12.1	Clear exclusion of upstream oil exploration and financing of oil development only in rare and exceptional circumstances is aligned with the Paris Agreement and commendable.	WRI	Comment noted.
12.2	Upstream and midstream oil investments are not aligned with the Paris temperature goal and net zero carbon emissions by 2050. The references in slides 3, 17 and 32 of the draft ESS should be modified to reflect that.	WRI	To support climate goals and air quality concerns, the EBRD will not finance any upstream oil exploration projects. Nor will the EBRD finance upstream oil development projects, except for projects that are limited to reducing GHG emissions or flaring. However, the Bank believes that it is important to continue to support investments contributing towards improvements of standards, reduction of emissions, cleaner fuels and energy efficiency in the midstream oil value chains. Such investments can have very significant transition impacts and contribute to the transition to lower carbon economies.
12.3	The EBRD should go beyond the example of the World Bank and exclude oil altogether. New investments in the oil value chain (including midstream and downstream) are not aligned with Paris Agreement and should not be included in the draft ESS (particularly when considering the IPCC 1.5 degrees Celsius report and a range of scenarios analysed by Germanwatch and New Climate Institute). The references in slides 7, 8, 19 and 22 of the draft ESS should reflect that.	WRI	Some EBRD countries of operation have high levels of GHG emissions and flaring related to upstream oil activities. The EBRD therefore believes it is important to remain engaged in these sectors to reduce emission levels (and thereby contribute to climate goals). Please see response to comment 12.2 on oil value chains.

12.4	The EBRD should clarify its exception to financing upstream oil development on 'rare and exceptional flaring/venting/fugitive emissions reduction projects in existing oil infrastructure' with the addition that the EBRD support will focus on this flaring/venting/fugitive emissions add on project exclusively.	WRI	The ESS has been clarified as noted.
12.5	Storage in "depleted oil and gas fields" is often used to extract more hard to reach oil (enhanced oil recovery), which is made possible by the injection of CO2. It needs to be ensured that storage is used only for storage purposes and not for further extraction of oil as this unaligned with the Paris temperature goal. The reference in slide 17 of the draft ESS must be modified to reflect this concern.	WRI	Comment noted. The EBRD's criteria for upstream development address this concern.
12.6	Emissions capture is not Paris-aligned for oil activities. The reference in slide 18 of the draft ESS must reflect that.	WRI	Comment noted. The role of emissions capture and use/storage in meeting climate change goals is uncertain.
12.7	Why is the exclusion of oil extraction and development not included in slide 20 of the draft ESS?	WRI	The exclusion is covered in section 3.3 of the ESS.
12.8	Oil should be excluded from the reference to fugitive emissions in slide 22 of the draft ESS.	WRI	See response to comment 12.2.
12.9	Reference to oil should be excluded from slide 25 of the draft ESS.	WRI	The Performance Monitoring Framework is intended to track the Bank's activities in the energy sector. It does not

			represent a target that the Bank intends to achieve. Nor is it a measure of success. As the Bank remains open to certain types of investments in oil, this indicator has been retained.
12.10	Clarify the position on support for upstream oil development, explicitly only allowing investments in oil infrastructure when those investments are exclusively to reduce venting, flaring, or fugitive emissions from existing operations, and not part of new development.	WRI	The ESS has been updated to clarify this point.
12.11	Although there is mention in the ESS that the Bank will not invest in upstream oil, there is no mention of what activities the Bank is willing to finance in oil.	ALM	Section 3.3 of the ESS states the types of upstream activities that the EBRD will not finance, and those which the EBRD will finance in the mid- and downstream oil segments (such as energy efficiency improvements, fuel stations for downstream operations, etc.)
12.12	Despite the fact that the Bank is not financing oil exploration projects directly, by financing downstream activities money ends up indirectly in upstream oil projects that have huge environmental impact and affect biodiversity.	ALM	All EBRD investments have defined use of proceeds and are monitored for compliance.
12.13	The Bank should consider investments in upstream oil in the SEE region since some countries only now begin to explore their oil potential.	BEL	Given the environmental and transition concerns in upstream oil activities, the EBRD will no longer finance any upstream oil development projects except where projects reduce GHG emissions or flaring.
12.14	If gas is the main focus of the ESS then oil cannot be really forgotten as oil production and gas	WRI	Comment noted.

	production are really intertwined especially in these countries. Historically hydrocarbon exploration and production was mainly focused on producing the oil and venting or flaring the gas. As the oil fields mature more and more, gas is being produced in larger quantities as the pressure in the reservoir goes down. There is therefore a great potential in these mature oil fields to extract and deliver the gas.		
12.15	The boundary on what constitutes upstream activities (and is therefore ineligible for financing) should be better clarified.	LON	The ESS has been updated for better clarity.
12.16	Midstream oil investments (such as those mentioned in slide 7 of the ESS) are not aligned with the Paris Agreement.	WRI	See response to comment 12.2.
12.17	Instead of focusing on new infrastructure, a priority of the ESS should be the modernisation and rehabilitation of old existing infrastructure for oil.	WRI	Section 3.3 of the ESS covers oil and gas value chains for both existing and new operations/projects.

13. Renewables (excluding hydropower)

N	Comment	Venue	EBRD Response
13.1 Policies on Renewables			
13.1.1	During the public consultation process, EBRD representatives made clear that the ESS is intended to signal prioritisation for renewable energy first and foremost. The Strategy should be drafted to emphasise this point, to ensure that this signal is made clear to the wider financial community and to ensure that the rest of the strategy is read in the context of this central principle.	WRI, WAR	The final draft of the ESS reflects changes to emphasise the central role of renewable energy in the Banks operations in the energy sector. In particular, please see changes to slide 3 of the ESS and the addition of the new slide 5.
13.1.2	The Bank's support for renewables under the previous Energy Strategy is commendable.	WRI, KIE	Comment noted.
13.1.3	Sustainability of renewables and good governance in renewable energy policies and support frameworks are important for the sector. Strategic environmental and social safeguards must be met.	BEL	The Bank's approach to ensuring the environmental sustainability of renewables is articulated in its Environmental and Social Policy. The ESS interfaces with this policy (as well as other Bank strategies, policies and approaches). The ESS notes that the Bank will promote the use of competitive procurement schemes for renewable energy (see section 3.1 of the ESS). A broad consensus has emerged that competition is a transparent means to identify the level of support to be provided to utility-scale renewable energy projects. Moreover, competitive procurement schemes

			provide control to policy makers over the development of renewables and have been shown to lead to lower prices, leading to a more financial sustainable sector.
13.1.4	The draft ESS indicates no clear preference on specific policies on RE support (FiTs versus auctions). Adopting a region-wide approach in the Bank's preferred policy mechanism for RE support is preferable to dealing with different policies in each COO.	IST	The ESS notes that the Bank will promote the use of competitive procurement schemes for renewable energy (see section 3.1 of the ESS). However, other forms of support (such as administratively determined feed-in-tariffs) are better suited to supporting small-scale renewable energy investments.
13.1.5	The Bank should be aware that RE auctions always support the bigger investments and the biggest investors. Small and medium-scale developers are the ones instigating projects, identifying opportunities and working with local communities and large auctions do not always help them, neither does the "race to the bottom" approach to pricing.	LON	The Bank recognises different trade-offs associated with competitive procurement schemes. As noted above, A broad consensus has emerged that competition is a transparent and efficient means to identify the level of support to be provided to utility-scale renewable energy projects. However, the Bank recognises the need for ensuring that projects selected through competitive procurement must be delivered. Competitive procurement schemes can be structured to increase the likelihood of project delivery (as well as other policy objectives). Finally, the Bank recognises that other support mechanisms may be more suited to smaller-scale projects.
13.1.6	The Bank should support FiTs on renewable energy.	WRI	Comment noted. The Bank recognises the role of FiTs in supporting renewable energy (particularly for small-scale projects).
13.1.7	The most important area the Bank can help with policy certainty. The participant explained that the Bank should support sensible, long term strategies for renewables (RE).	LON, WAR	Comment noted. The ESS recognises policy engagement on renewable energy as an important area for the Bank (see sections 3.1 and 3.2 of the ESS). Moreover, it also recognises the impact of retroactive changes (see section 1.3

	For example, the Bank should discourage retroactive reduction of FiTs and should establish a mechanism that would show countries that adopt similar measures is a wrong step.		of the ESS). More generally, the Bank has a long track record of investing in renewable energy sources, and of providing wide ranging policy support in its COOs.
13.1.8	The Bank should help mobilise local banks to finance renewables.	LON	Comment noted. Support to the local banking sector is an important area of activity for the Bank in many of its countries of operation. Notably, through its Green Economy Financing Facilities (GEFFs) the Bank provides financing to qualifying local financial institutions for on-lending for green economy investments, including for renewables.
13.1.9	The Bank should be aware of the negative effect of a transition to an auctions system in Ukraine for developers who are preparing projects under the FiT scheme and they may not be able to connect in time until the scheme changes to auctions.	KIE	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
13.1.10	The Bank should focus on the following: • Creating awareness about renewables by devoting time and effort at all levels; from government to renewable energy installers. • Promoting regional dialogue between countries about what works and what not and spread that information across the region, for example the recent renewable energy auctions that were organised by Kazakhstan • Increasing ownership of local private sector in Green Economy Transition and develop	ALM	Comment noted. The Bank has a long track record of investing in renewable energy sources, and of providing wide ranging policy support in its COOs. This includes advice on renewable energy auctions (including sharing lessons from international experience), support for private sector participation, and support for different renewable energy technologies at different scales.

	way to strengthen it, for example by financing local manufacturers of solar panels • Overseeing the regulatory framework for all levels: small and large systems, tariffs, finding innovative ways of supporting additional RE, etc.		
13.1.11	Will the Bank require state guarantees to finance RE projects?	BEL	The Bank adheres to sound banking principles, which requires (all) investments to be financial feasible and for risks to be commercially acceptable. This can sometimes require state guarantees for renewable energy projects. This, however, is not a requirement and the Bank has financed projects without such guarantees. More generally, the Bank promotes market-based and financial sustainable renewable energy support schemes.
13.1.12	For the environmental sustainability of renewables, the following issues need to be taken into consideration by the Bank: • National regulations – there is a need for having national regulations for each type of renewable; • Standards – standards are needed throughout the life time of renewables including for decommissioning; • Data availability (biodiversity, water flow) – data is missing to ensure environmental sustainability. Matching needs between investors and	KIE	Comment noted. The Bank is conscious of such issues and these are reflected in its policy engagement activities. See response to comment 13.1.7 on the environmental sustainability of renewables.

	communities is absolutely necessary for sustainable projects.		
13.1.13	Investing in renewable energy creates more employment than investing in the gas industry.	WRI	Comment noted.
13.1.14	Sustainability should be embedded in the business model for future projects for RES (and also for fossil fuel projects) and best practices in that regard should be applied to prospective projects (CSR, SEIA, Created Shared value, etc.).	WRI	Comment noted. See response to comment 13.1.7 on the environmental and financial sustainability of renewable energy support schemes.
13.1.15	On solar, the suggestion for the Bank's role in Turkey is to help institute net-metering so as to assist commercial rooftop installation and to allow the implementation of corporate PPAs.	IST	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. The Bank is committed to supporting different renewable energy technologies, at different scales, and using support schemes that are appropriate for the technology and/or scale of investment.
13.1.16	At the policy level, the suggestion for the Bank's role in Turkey is to adopt a stronger stance in favour of auctions as the preferred support mechanism and lastly, to have specific specifications on balancing cost, grid connections, re-dispatch, etc. within the auction mechanism.	IST	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. See response to comment 13.1.3 for the Bank's position on renewable energy auctions.
13.1.17	Under the light of the recent IPCC 1.5 degrees report, EBRD, as one of the major financiers of the energy market in Turkey, has to join in the efforts made in Turkey for an energy transition to	WRI	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.

	100% renewables while ensuring a just, prosperous, healthy society in a vibrant economy.		
13.1.18	The Bank was encouraged to invest in time-shifting via battery storage for wind assets that drops off the 10-year FiT scheme next year in Turkey.	IST	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. The ESS expresses the Bank's support for innovation in the energy sector, which extends to business models using a combination of technologies that are suited to the particular market conditions.
13.1.19	The Bank should support and finance Agrivoltaic Technologies and alternatives of usage of technologies for supporting co-existence of Agriculture, Solar Energy and Land Cultivation.	WRI	The Bank is committed to supporting different renewable energy technologies, at different scales, and using support schemes that are appropriate for the technology and/or scale of investment. Individual investments need to be consistent with Bank's mandate, its procedures and its policies (including, for example, its Environmental and Social Policy).
13.1.20	The Bank should support local manufacturing capacity of RE equipment (e.g. solar panels) as a way to help with the transition to clean power sources.	ALM	Comment noted. The Bank's support for renewable energy has extended to support manufacturing of renewable energy technologies. Individual investments need to be consistent with Bank's mandate, its procedures and its policies (including, for example, its Environmental and Social Policy).
13.1.21	The Bank should assist with the issue of renewable energy balancing, which is lacking a strategic approach in Ukraine, and is therefore inhibiting the increase of renewable energy capacity in the system.	KIE	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. More generally, the ESS identifies the integration of intermittent renewable energy sources as an important challenge and one that the Bank will support through its

			activities.
13.1.22	Which new financial mechanisms should be put in place by EBRD to support renewables?	CAS	The different financial mechanisms that the Bank will promote for supporting renewable energy will depend on the circumstances of individual countries.
13.1.23	The Bank should focus on transfer of knowledge to local communities and those that benefit from RES investments, since they need to have a greater sense of ownership of these investments.	CAS	Comment noted.
13.1.24	In Ukraine there are many bureaucratic obstacles to renewable energy projects, particularly related to environmental protection. Although environmental protection is very important, a one-stop shop approach needs to be applied in this respect.	KIE	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
13.1.25	The Bank should help make clear to governments the benefits of RES for agriculture.	KIE	Comment noted.
13.1.26	The Bank should be aware of the issue of choice between domestic or imported technology. It is better to use domestic resources when possible but there is an issue with ensuring the standards of those technologies.	CAS	Comment noted.
13.1.27	Much still needs to be done in terms of capacity building, awareness raising, and even restructuring at the institutional scale to enable more participation of private sector in power generation from renewables in Morocco.	CAS	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. The ESS identifies policy engagement in the energy sector is an important area of activity for the Bank.

13.1.28	There is a great need for interventions on the policy side with network operators in Morocco.	CAS	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
13.1.29	There is need for independent regulators. This is one of the key barriers to investments in many countries.	CAS	The ESS identifies the lack of independent regulation as a key transition challenge (see section 2.10 of the ESS). Independent regulation is critical for well-functioning energy markets, which is one of the Strategic Directions of the ESS (see section 3.2 of the ESS).
13.2 Biomass and Biofuels			
13.2.1.	Will the Bank invest in biomass and biofuels?	IST	The Bank expects to continue to invest in biomass and biofuel project. Individual investments need to be consistent with Bank's mandate, its procedures and its policies (including, for example, its Environmental and Social Policy).
13.2.2	The negative impact of biofuels on the environment, such as indirect emissions, deforestation, impact on water sources and introduction of invasive species should be considered.	WRI, WAR	Comment noted. The Bank's Environmental and Social Policy outlines the standards that the Bank will apply to consider the environmental impacts of investments in biofuels (which include consistency with the relevant EU standards).
13.2.3	The Bank should focus more on biomass. Biomass is a flexible generation source that could be an alternative to natural gas and help with intermittency of renewables. Moreover, significant domestic biomass potential is found in many countries of the region.	BEL KIE	Comment noted. The Bank expects to continue to invest in biomass projects.

13.2.4	The Bank should not promote biomass energy as a renewable and innovative energy source, considering the risks of food security.	WRI	Comment noted. The Bank's Environmental and Social Policy outlines the standards that the Bank will apply to consider the environmental impacts of investments in biomass (which include consistency with the relevant EU standards).
13.2.5	Small scale district heating with biomass could be a solution for the risk associated with sustainable forest management.	BEL	Comment noted. The Bank funds small and medium scale biomass district heating projects. In the past three years, the Bank has funded projects in the Western Balkans and Ukraine.
13.2.6	The Bank's support for biomass should be focused on the more developed technologies, as otherwise it is not an environmentally friendly energy source.	KIE	Comment noted. The Bank's Environmental and Social Policy outlines the standards that the Bank will apply to consider the environmental impacts of investments in biomass (which include consistency with the relevant EU standards).
13.2.7	Biomass as a source for cogeneration should be explored more in the draft ESS.	BEL	Comment noted. The ESS notes that the Bank will support investment in renewable energy. This extends to all types of renewable energy. Individual investments need to be consistent with Bank's mandate, its procedures and its policies (including, for example, its Environmental and Social Policy).
13.2.8	Concerns of sustainability should be taken into consideration when discussing biomass potential.	LON	Comment noted. The Bank's Environmental and Social Policy outlines the standards that the Bank will apply to consider the environmental impacts of investments in biomass (which include consistency with the relevant EU standards).
13.2.9	On the subject of key sources of particulate	BEL	Comment noted. The ESS identifies air quality as an

	matter, mentioned in slide 11 of the draft ESS, inefficient wood burning is the main source of particulate matter emissions in the countries of West Balkans.		important social concern.
13.2.10	The Bank's policy on heating and cooling through the use of RES should be clarified.	KIE	Comment noted. The ESS notes that the Bank will support investment in renewable energy. This extends to all types of renewable energy and for all types of applications. Individual investments need to be consistent with Bank's mandate, its procedures and its policies (including, for example, its Environmental and Social Policy).
13.2.11	A suggestion about the Bank's role on biomass in Turkey was to invest in an O&M company with pre-packaged solutions for investors.	IST	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
13.2.12	The Bank should be aware of the issue of transparency in the wood sector in Western Ukraine. Recently there has been an important illegal movement of biomass (wood) from Ukraine to the EU which has had two implications: a) one for the energy sector, this leaves a lot of producers without any real raw materials for biomass production and it decreases prices making biomass less competitive; and b) for wider impacts, it is about cooperation of Ukraine SMEs with big EU producers. Can EBRD intervene into policy sector reforms in this area?	KIE	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. More generally, the Bank's Environmental and Social Policy outlines the standards that the Bank will apply to consider the environmental impacts of investments in biomass (which include consistency with the relevant EU standards).
13.3 Renewable energy investment			

13.3.1	It is heartening that the Bank invested in 2017 overall heavily in renewable, especially in solar.	BEL	Comment noted.
13.3.2	The Bank should increase funding for renewable projects and consider excluding investments in fossil fuels.	WRI, WAR, BEL	Comment noted. See comments above on the ESS position on renewable energy and fossil fuel investments.
13.3.3	The Bank should finance smart energy projects.	WRI	Comment noted. The ESS identifies smart meters and grids as important areas of activity for the Bank. Smart meters and grids are included in the Strategic Directions of the ESS (see section 3.1 of the ESS).
13.3.4	The Bank should finance pilot and demonstration projects to increase awareness of RE benefits and support sustainable development of alternative energy resources plus clean, cheap, lifelong and continuous solar power technologies.	WRI	Comment noted. The ESS notes that the Bank will support investment in renewable energy. This extends to all types of renewable energy and for all types of applications.
13.3.5	The Bank should create financial instruments and tools that increase access to finance for small-scale projects and SMEs.	WRI	Comment noted. The ESS notes that the Bank will support investment in renewable energy. The Bank has a track-record of using a variety of instruments and tools for financing renewable energy – for example, through its Green Economy Financing Facilities.
13.3.6	Investment in geothermal should be conditional on technology choice since it can cause direct emissions.	WRI	The ESS notes that the Bank will support investment in renewable energy. This extends to all types of renewable energy and for all types of applications. The Bank has robust procedures for assessing the greenhouse gas emissions of its investments, including geothermal energy.

13.3.7	Investments in renewable sector should support the integration of a high share of renewables e.g. energy storage, micro grids, or demand response technologies.	WRI	Comment noted. The ESS identifies these technologies (and others) as means to integrate intermittent renewable energy sources (see section 3.1 of the ESS).
13.3.8	In Morocco, the Bank should put in place mixed guarantees for RE financing.	CAS	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
13.3.9	In Morocco, the Bank should help make laws and mechanisms more practical and workable.	CAS	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
13.3.10	The approach EBRD has used in deploying MoSEFF is working well as it enables local banks to start working and it does contribute to developing local expertise and local knowledge and capacity building, etc. Also it helps create a local industry and market which can assure the maintenance of RES systems once implemented. The continued use of this type of approach is encouraged.	CAS	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
13.4 Small-scale and distributed RE generation			
13.4.1.	The Bank needs to contribute to the decentralisation of the energy sector and finance more small scale RE projects.	WRI, KIE, LON	The ESS notes that the Bank will support investment in renewable energy. This extends to all types of renewable energy sources, for all types of applications, and at different scales.
13.4.2	There are many opportunities in distributed	WRI,	Comment noted. The ESS identifies support for distributed

	generation, community projects etc. Rooftop solar is producing power where it is needed and it sometimes is more beneficial than large-scale installations. Small-scale RE also helps with grid integration and keeps down the need for large grid investments. EBRD investment will repeat the mistakes of past. The Bank should avoid mistakes of the past (investing in large, utility-scale projects in fossil fuels) and also focus on distributed RE generation.	LON	generation in the Strategic Directions (see section 3.1 of the ESS). More generally, the ESS notes that the Bank will support investment in renewable energy. This extends to all types of renewable energy sources, for all types of applications, and at different scales.
13.4.3	Decentralisation of RES and the idea of prosumers would help average citizens reduce energy poverty and increase affordability.	CAS	The ESS notes that the Bank will support investment in renewable energy. This extends to all types of renewable energy sources, for all types of applications, and at different scales.
13.4.4	In Ukraine, the Bank should also consider small scale renewables and development of decentralised RE sources, including provisions for feed-in-tariff and simplified grid access for small businesses, cooperatives, and non-profit organisations such as unions of flat owners.	WRI	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
13.4.5	The Bank should ensure and help community-based projects, micro-generation, distributed generation, rooftop solar and other such approaches, particularly regarding assistance to ensure access to grid, which is a problem in many countries.	LON	The ESS notes that the Bank will support investment in renewable energy. This extends to all types of renewable energy sources, for all types of applications, and at different scales.

13.4.6	What is the proportion that micro-deployment of RE is foreseen to take up in overall Bank operations under the new ESS?	LON	The ESS does not make predictive statements regarding the potential development of technologies in the Bank's COOs.
13.4.7	The Bank should support the "renewable energy clusters" model more.	WAR, WRI, KIE	The ESS notes that the Bank will support investment in renewable energy. This extends to all types of renewable energy sources, for all types of applications, and at different scales.

14. Social concerns

N	Comment	Venue	EBRD Response
14.1	The Bank should support the achievement of SDG7 ("Ensure access to affordable, reliable, sustainable and modern energy for all") through investing in energy access for the poorest people.	WRI	The EBRD, through its operations, aims to address inequality challenges and to contribute to achieving the Sustainable Development Goals. The ESS interfaces with a number of Bank strategies and policies through which the EBRD aims to provide better access to infrastructure and services, including energy access, and to deliver the benefits of economic growth to underserved sections of society, e.g. EBRD's Strategy for the Promotion of Gender Equality and the Economic Inclusion Strategy (see slide 4 and section 3.4 of the ESS).
14.2	The Strategy should explicitly reference the need for a socially just transition. An equitable transition must, inter alia, support fossil-fuel-dependent countries and communities in economic and livelihood diversification, particularly on issues of employment.	ALM, WRI	Social dimensions of sustainable development underlie all of the EBRD's activities and the Bank's transition mandate includes the promotion of inclusive societies. Through its country strategies, EBRD also supports economic diversification and economic resilience in many of its countries of operations where dependence on specific energy sources is an issue. In line with its Economic Inclusion Strategy, the Bank supports the economic inclusion of women, young adults and people living in economically less-developed regions through direct investments and associated policy dialogue. Under this approach the Bank helps clients across all sectors to diversify their workforces, introducing high-quality local training and opening up paths to employment. Furthermore, through its Strategy for the Promotion of

			Gender Equality, the EBRD supports women's economic inclusion, namely through access to finance, access to employment and skills, and access to services. In particular through providing better access to infrastructure and services, including energy access, the Bank contributes to and to delivering sustainable development impact.
14.3	The Bank should support vulnerable groups and communities. The Bank should explicitly acknowledge in its Strategy that climate change is a livelihoods and human rights issue that directly impacts on vulnerable communities.	ALM, WRI	Comment noted and see responses above. Moreover, the Bank recognises that some of its countries of operations are particularly vulnerable to climate change and aims to support the transition to low-carbon and climate-resilient economies through its Green Economy Transition approach. The Bank's operations aim to improve the adaptive capacities of the vulnerable groups and strengthen community ownership of actions against climate change through stakeholder engagement and awareness raising activities.
14.4	The importance of energy poverty is understated in the draft ESS. Energy poverty is particularly important in the Western Balkans and should be analysed separately. Energy poverty is one of the most characteristic challenges in SEE since 30% of the total population of most countries in the Western Balkans suffer from energy poverty. Addressing energy poverty should be a flagship policy of EBRD.	BEL	The EBRD supports affordable energy as stated in the ESS, which recognises energy security as an important policy concern. The ESS takes a broad view of energy security, recognising that diversification of sources, in particular through better integration into regional markets, can deliver it more effectively and efficiently.
14.5	The Bank should prioritise more programmes and initiatives with an inclusion aspect, including youth, gender and residents of remote areas.	ALM, WRI	In 2017 the total investment volume in the field of economic inclusion including gender equality represented €1.6 billion. The volume of the Bank's investments in this area is made publicly available on an annual basis, e.g. in the Bank's

			Sustainability Report.
14.6	Responsible exploration and development of oil and gas resources in all COOs has the potential to provide skilled jobs and generate significant government revenues.	WRI	Comment noted.

15. Tariffs and subsidies

N	Comment	Venue	EBRD Response
15.1	Electricity tariffs in Kyrgyzstan fail to accurately reflect demand and true costs. The Bank should assist with revision of tariffs.	ALM	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.
15.2	Removal of subsidies can be crucial for the move away from fossil fuels.	KIE, CAS	The draft ESS has been amended to explicitly recognise the link between subsidies and the move away from fossil fuels (see section 1.3). The ESS notes that the Bank will promote "cost-reflective pricing and the removal of subsidies (including fossil fuel subsidies), while taking into account concerns for energy affordability" (see amended version of text in section 3.2 of the ESS).
15.3	EBRD is well positioned to provide policy support to Governments in phasing out fossil fuels subsidies – the process which is important for energy sector development in line with the Paris agreement but due to lack of policy commitment within G20 the process seem to be stuck, and support from the development bank will make a difference.	WRI	Comment noted. See above for the treatment of subsidies in the ESS.
15.4	How deeply will the Bank be involved in supporting market reforms in the gas market of Ukraine?	KIE	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies.

16. Transparency and Disclosure

N	Comment	Venue	EBRD Response
16.1	EBRD should clearly state that strict following of the Extractive Industries Transparency Initiative is obligatory for countries if they consider borrowing under the current strategy.	WRI	Noted. The Bank is committed to promoting the principles and requirements of the EITI, in accordance with the 2016 standard. The Strategic Directions of the ESS note that "the Bank will finance projects that promote improvements in the corporate governance and corporate social responsibility of its clients, and that also comply with the principles of the Extractive Industries Transparency Initiative at company and country level" (see section 3.4 of the ESS). The commitment to supporting the objectives of the EITI is also emphasised in the Bank's Extractive Mining Industries Strategy.
16.2	The Bank needs to help with the development of tools and ways to advance transparency; the Bank must persuade companies to adopt the policies required.	ALM	Comment noted. The ESS emphasises the Bank's commitment to improving governance and practices of state-owned enterprises and energy companies, as well as transparency in extractive industries (see section 3.4 of the ESS). The Bank requires the companies it works with to comply with highest standards of transparency and revenue reporting.
16.3	Transparency, disclosure and reporting obligations should be prerequisites of the Loan Agreement. The Bank could require clients to report not only on their carbon footprint, but also on other polluting footprints, since in some countries it is difficult to obtain public data at the Company level.	IST, WRI	The ESS notes that "the Bank will promote the reporting and disclosure of emissions and carbon-related risks for companies with significant carbon assets." When feasible, the Bank will promote the reporting of other pollutants. On the investment project level, environmental and social reporting requirements are set out in the EBRD Environmental and Social Policy.

16.5	Transparency is vital for all investments but attracting more private capital for oil or coal would not be aligned with the Paris Agreement Temperature goal. Slide 18 of the draft ESS should reflect that concern.	WRI	Comment noted. The Bank's Environmental and Social Policy sets outs its approach to assessing environmental and social impact of its operations. Accordingly, project appraisal also considers EU standards and best international practice.
16.6	On the role of EPS in the WB region, the financial arrangement between EBRD and EPS is very clear and it has nothing to do with the transition of EPS from public enterprise to a shareholder company, which is very transparent. All the thermal coal plants that belong to EPS are in the process of reconstruction to meet EU standards for emissions reduction.	BEL	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. As per usual practice, project specific issues are not will be addressed in other appropriate formats.
16.7	The draft ESS rightly recognises that corruption and lack of transparency are an issue of particular concern in the extractive industries and that participation in the Extractive Industries Transparency Initiative (EITI) is an important way for governments to increase public confidence in the sector and to improve sector governance. The Strategy should also acknowledge the importance and usefulness in addressing corruption and opacity of mandatory country-by-country payments to governments reporting by oil, gas and mining companies, under currently implemented disclosure laws in Canada, the European Union and Norway and the law now awaiting implementation in Ukraine.	WRI	Comment noted and see other responses in this section.

16.8	EBRD should advocate for greater transparency, the implementation of EITI standards and better regulation in the gas sector in Ukraine.	KIE	Comment noted. The ESS covers the Bank's activities across all of its countries of operation. The Bank's position on country-specific issues is expressed in country strategies. More generally, the ESS notes that the Bank will work to improve transparency (see section 3.4), support compliance with principles of the EITI (see section 3.4 of the ESS), and support better regulation (see section 3.2 of the ESS).
16.9	Corporate governance and better regulation in the energy sector are means to achieve secure, affordable, and sustainable energy. Poor corporate governance is impeding competitiveness at the energy markets.	WRI	To help address transparency, accountability and corporate governance challenges, the EBRD supports a number of sector-specific initiatives. Bank provides support through policy dialogue and technical cooperation activities, intended to enable greater transparency and consequently enhance investment climate and competitiveness in its countries of operations.
16.10	There is a lack of transparency in the fossil fuel energy sectors. For example, there is no transparency on how governments are subsidising the gas or nuclear sectors.	KIE	Comment noted. The ESS notes that the Bank will support greater transparency in the energy sector. The ESS also identifies reform of subsidies in the Bank's Strategic Directions.
16.11	There is a need to streamline how to implement EITI properly both on a national and local level in Ukraine. For example, assistance is needed on how to reduce the number of reports through making the process digitalised.	KIE	Noted. The ESS highlights the Bank's support for the principles of EITI and the Bank will explore ways to promote EITI principles and standards in its COOs.
16.12	The Bank should be cognizant of the corruption that takes place in the country and should create programmes for fighting corruption.	ALM	Comment noted. The issue extends beyond the scope of the ESS. The Bank has, however, worked in its COOs to improve transparency (for example under the Bank's Investment Climate and Governance Initiative, e.g. where in

			Ukraine the Bank's efforts extended to establishing the Business Ombudsman Institution).
16.13	There are many initiatives and best practices in EBRD's COOs which can be exchanged. The Bank should promote sharing of best practices on transparency and good governance between COOs.	KIE	Comment noted. The Bank's policy engagement extends to sharing best practices across its COOs.