

PRIME Meeting no 14
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Annex to item 5 PRIME deliveries

Feedback from the Financing Subgroup

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– For information –

The PRIME financing subgroup met twice since the November PRIME plenary meeting to reflect on the theme of sustainable finance and, to a lesser extent, on the funding of ERTMS on-board equipment.

Sustainable finance

A « taxonomy » legislation is currently being prepared. This legislation will not be transport specific but will contain sector specific parts. In parallel to other forums of consultations, the PRIME subgroup discussed what would be relevant criteria for the inclusion of rail related investments in the scope of sustainable finance.

The subgroup considered different possible approaches. It discussed whether the criteria should be defined in absolute terms (no more than X g of CO₂/passenger or Y g of CO₂/ton) or in relative terms (number of tons of CO₂ avoided) or a combination of both (meaning that each of the two criteria must be met). Consideration of direct (operation) versus indirect (e.g. carbon content of energy) emissions was also discussed.

Subgroup members agree that complex calculations are required to assess with precision the impact of an investment on climate. However, they ended up with a consensus that the rule of eligibility for sustainable finance should be simple and easy to understand by investors who are not railway experts.

In the end, the best is probably to consider that all railway investments are eligible with a few exceptions including, for example:

- diesel vehicles (unless there is a high occupation ratio)
- non-electrified lines (unless there is a midterm plan to electrify them)
- lines dedicated to the transport of fossil fuels.

Similarly, the subgroup agreed that EU funding mechanisms (CEF, Invest EU, structural funds) should rely, among other factors, on the impact of investments on climate change. From that perspective, rail related investments should obtain the best possible scores (except for the exceptions listed above).

Funding of ERTMS on board equipment

The subgroup shared best practices about national plans set up by governments to financially support vehicle owners investing in ERTMS on board equipment. These plans exist in the Netherlands and in the United Kingdom.

DG MOVE presented public information about CEF blending facility which is expected to be launched in the third quarter of 2019. It will dedicate a budget of 99M€ to ERTMS.