

-  NET ZERO
-  SUSTAINABLE PLACES
-  INCLUSIVE GROWTH

Infrastructure-related carbon dioxide emissions are reduced



## Bringing financiers on board to support delivery of electric buses

**SCOTTISH** Government has set an ambitious climate target to be Net Zero by 2045.

With the transport sector being the greatest contributor to emissions, significant investment is needed to enable the transition to low-carbon transport across Scotland.

The bus sector is a major contributor to emissions and therefore it needs to transition to zero emission buses. However electric buses have a higher upfront cost but on the flip side cost much less to run than their diesel equivalents.

To encourage bus operators switch to electric buses, Transport Scotland has been providing them with significant capital grants but has signalled the next round of funding would be the last.

To help support the bus sector, alongside Transport Scotland, our Net Zero Transport team identified the key role financiers could play in the transition to electric buses. They would be able to take the financial pressure off bus operators' balance sheets and spread the higher upfront cost of an electric bus over its full life, matching it against the much lower running costs and take the risk of battery life and performance and the residual value risk of the vehicle.



Taking that concept forward, our Net Zero Transport team engaged extensively with bus financiers and promoted their role as vital, as well as a potential recipient of any remaining grants from Scottish Government to bring down the early lease costs for operators.

In July 2024, Scottish Government announced £41.7m of grant funding will be used support eight operators, led by electric vehicle fleet specialist Zenobē, to deliver 252 new EV buses along with a Scotland-wide charging network for use by all buses, coaches and HGVs.

In announcing the funding, First Minister John Swinney said: "Supporting zero-carbon buses as a sustainable means of public transport

across Scotland will connect communities and open up new economic and social opportunities.

"This investment will deliver 100 new inter-city bus routes and reduce greenhouse gas emissions by more than 600,000 tonnes over the lifetime of the fleet by encouraging more people to swap the car for efficient public transport, which is crucial to reaching net zero by 2045.

"All bus and coach operators, including those operating in smaller towns and communities, will benefit from both the novel approach to financing and the Scotland-wide charging network that will be delivered, helping other modes of transport make the switch to electric vehicles too."