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In June 2014 the heads of States of 28 EU Member States have agreed a STRATEGIC AGENDA FOR THE UNION IN TIMES OF CHANGE – a five overarching priorities which will guide the work of the European Union over the next five years. These include

1. A plan for the construction of an **Energy Union with a forward-looking climate policy** and
2. **The Union as a strong global actor**

Specifically the Heads of 28 EU Member States agreed to :

- a) increase transparency on the gas market
- b) moderate energy demand thanks to enhanced energy efficiency
- c) speed up the diversification of energy supply and routes, including through renewable, safe and sustainable and other indigenous energy sources, as a means to reduce energy dependency, notably on a single source or supplier
- d) promote stability, prosperity and democracy in the countries closest to our Union, on the European continent, in the Mediterranean, Africa and in the Middle East;
- e) continue to lead the fight against global warming ahead of the United Nations COP 2015 meeting in Paris and beyond, including by setting ambitious 2030 targets that are fully in line with the agreed EU objective for 2050.

The analysis underlying the Strategic Agenda has been based on the assumption that: (quote), „Geopolitical events, the worldwide energy competition and the impact of climate change are triggering a rethink of our energy and climate strategy. **We must avoid Europe relying to such a high extent on fuel and gas imports.** To ensure our energy future is under full control, we want to build an Energy Union aiming at affordable, secure and sustainable energy. Energy efficiency is essential, since the cheapest and cleanest energy is that which is not consumed.“

Yet energy efficiency seems to receive very little attention when analysing the Projects of Common Interest and assessing their economic feasibility and medium and long-term benefit for the European Union and its citizens. 6 oil infrastructure projects at the current PCI list and gas import infrastructure are the most striking example of applying different methodologies and different criteria when assessing different policies or even different types of energy projects within the EU. As stressed in No Public Money for Mega-Gas Pipeline Projects published in June 2014 by a group of 7 CSOs including CEE Bankwatch Network in all five decarbonisation scenarios of Commission's Communication The Energy Roadmap 2050 from December 2011 there is a decrease in natural gas imports by 2050 compared to 2010. Even currently EU-28 has already an overall surplus of gas import infrastructure and its gas demand in 2013 has been 9% lower than 10 year before.

Despite the declining trend gas Projects of Common Interest are still assessed for economic feasibility based on the assumption that the EU's gas demand will grow by 23% until 2030 to 619 billion cubic meters. This completely ignores the projections for the 25% decrease of gas demand that will be the result of achieving the 30% energy efficiency target on the EU level. The European Commission estimates that energy efficiency measures could reduce the EU gas import by 174 Mtoe a year by 2030<sup>1</sup>. This is roughly 20 times more than the import volume projected for the Southern Gas Corridor (the flagship EU gas infrastructure projects) and over twice the projected import capacity of all gas Projects of Common Interest combined<sup>2</sup>.

At the same time European Commission projects the electricity demand to grow by 14% up to 2030 and by 28% until 2050 while the total energy demand is expected to decrease by 30% by 2050. The EU-28 investment needs for electricity transmission networks and smart grids by 2020 amount to EUR 155 billion<sup>3</sup> as revealed by the European Commission in 2013 versus the EUR 73 billion required for the gas infrastructure with a further EUR 68 billion needed for new electricity infrastructure between 2020 and 2030.

With greater gap between the investments needed and the business as usual scenario for electricity infrastructure one would expect to see a far greater proportion of electricity projects in the Projects of Common Interest List. Yet the 132 electricity projects selected to form the list of Projects of Common Interest represent EUR 50 billion of investment costs compared to EUR 53 billion total for the 107 gas projects on the Projects of Common Interest list<sup>4</sup>. Moreover among the projects identified in the European Commission's Communication on the European Energy Security Strategy as key security of supply infrastructure projects only 6 are electricity projects while 27 are gas infrastructure projects. Among the later category stands out the Southern Gas Corridor comprised of Trans Anatolian Natural Gas Pipeline (TANAP) and Trans **Adriatic** Pipeline (TAP) at risk of contributing to the decrease of prosperity of Azeri citizens and democracy in the country and the misuse of public resources, ending up as stranded assets and undermining the energy efficiency goals invoked by the EU Council in June this year.

As pointed by a coalition of CSOs Justice and Environment together with CEE Bankwatch Network in the publication „Recommendations for the Improvement of PCI Designation Process and the Adjacent Public Consultation of the current list of Projects of Common Interest“ (which I am happy to share with you at any moment) the process of the selection of the projects for the PCI list and the selection criteria have **NOT** been transparent and participatory and thus we urge all the stakeholders including the EU Commission to take proactive steps to address the following issues:

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<sup>1</sup> DG Energy (2014) Impact Assessment: Energy Efficiency and its contribution to energy security and the 2030 framework for climate and energy policy  
[http://ec.europa.eu/energy/efficiency/events/doc/2014\\_eec\\_ia\\_adopted\\_part1.pdf](http://ec.europa.eu/energy/efficiency/events/doc/2014_eec_ia_adopted_part1.pdf) (40% scenario).

<sup>2</sup> Jonathan Gaventa „Energy Security and the Connecting Europe Facility. Maximizing public value for public money“, E3G, September 2014.

<sup>3</sup> European Commission, DG Energy (2013), Connecting Europe Facility

<sup>4</sup> Jonathan Gaventa „Energy Security and the Connecting Europe Facility. Maximizing public value for public money“, E3G, September 2014.

- a) The Commission together with the project promoter should provide publicly available assessment on the environmental, social and climate impacts of the projects selected as Projects of Common Interest and how their compilation would lead to the fulfilment of EU legislation such as EU 2050 climate commitments, Nature 2000 area conservation and EU biodiversity strategy.
- b) Some PCIs (especially gas projects) such as TAP or TANAP (Trans Anatolian Natural Gas Pipeline) are planned beyond the geographical extension of the EU-28. It is thus important to identify the competent bodies (e.g. the Commission, the EEAS) responsible for ensuring that public participation in accordance with Aarhus Convention is carried out on a transboundary level so communities, civil society and subnational entities (i.e. regional and local authorities) are given a chance to express their views on the project independently from the regime or laws guiding civil society participation in these regions. Thus when including PCIs such as Southern Gas Corridor or Galsi pipeline Albanian, Azeri<sup>5</sup> and Algerian citizens should be given the opportunity to express their views on the projects benefits and impacts in line with Article 21 of the Treaty of the European Union and the priorities of the STRATEGIC AGENDA FOR THE UNION IN TIMES OF CHANGE
- c) In order to ensure increased transparency on the gas market in line with THE STRATEGIC AGENDA FOR THE UNION IN TIMES OF CHANGE the European Commission should disclose to the public the legislative basis for its mandate to negotiate with Azerbaijan and Turkmenistan. With the stress on finding alternatives to gas and oil imported to the EU from Russia, recent arrest of human right defenders in Azerbaijan<sup>6</sup> and protests in front of the BP offices in London on the 17th of September<sup>7</sup> the need for transparency for the processes influencing the gas market is more pressing than ever.
- d) Removing **the oil infrastructure** PCIs from the upcoming list as they they do not have a reflection in the TYNDP nor the EU Agency for Co-operation of Energy Regulators (ACER). There are a number of projects within the first PCI list such as smart grids projects or offshore grids in the North Sea and the Baltic that are needed for low-carbon transformation.
- e) Current consultation on which projects become PCIs needs to be improved, to ensure stakeholders and the public have a real chance to engage meaningfully. European and national institutions and developers must provide the necessary information, opportunities and forums for the public and interested parties to be able to have their say. **This is not yet the case and needs to be improved.** It is important to help stakeholders to get involved, to work together and to engage early in the decision-making processes – rather than interested parties finding out

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<sup>5</sup> [http://www.eeas.europa.eu/statements/docs/2014/140806\\_01\\_en.pdf](http://www.eeas.europa.eu/statements/docs/2014/140806_01_en.pdf)

<sup>6</sup> <http://bankwatch.org/news-media/for-journalists/press-releases/azerbaijan-political-prisoners-list-published-reports-auth>

<sup>7</sup> <http://platformlondon.org/2014/09/17/bp-stop-fuelling-repression-in-azerbaijan/>

about plans late in the process and fighting to stop them. There should at least be the potential for the public participation processes to lead to projects being modified or rejected as a result. There is much to be gained by going beyond formal public participation requirements. Grid operators and national and European institutions are increasingly discovering the benefits of working with environmental stakeholders to develop strategies, agree standards and improve practices. The non-governmental organisations (NGOs) can then seize these opportunities, and help to shape the plans and projects, to make sure they are as environmentally acceptable as possible.

- f) Provide information crucial for the informed public participation in the decision-making and in consultations in the easily available format (i.e. what is the place to find gas transit fees for the countries outside the EU-28 through which some of the gas PCI pass through i.e. Southern Gas Corridor or Galsi).
- g) Given that the TYNDP will be sole basis for PCI selection stakeholder involvement in TYNDP process is crucial. The EU Commission should thus come up with a plan to proactively engage the civil society organisations and local communities that would be directly and indirectly affected by the TYNDP and make it public.
- h) In order to ensure that the citizens in each EU-28 Member State have been given the time and space to provide their opinion of all the PCIs running through their territory or linking its energy network with a neighbouring country and their environmental and social impacts Strategic Environmental Impact Assessment of national energy infrastructure plans should be carried by each EU Member State. These should be carried out early in the process so that the consultation process and the stakeholder engagement are meaningful and not when the projects are already in the permitting stage. Parallel SEA for the whole PCI list on the EU level.
- i) Evaluation of third party projects (e.g. hydro pump storages) in the electricity sector and (gas storage facilities and LNG terminals) is critical. Currently the project promoters have assessed their own projects for inclusion into the TYNDP. ENTSO-E and ENTSO-G have limited or no expertise in evaluation of these projects. How does EC tend to handle these projects in the PCI designation process and ensure an objective and qualitative assessment if already the basis that is the TYNDP lacks qualitative/objective data?
- j) PCIs are flagship European projects, so they should be selected and planned in an exemplary way, with maximum openness and to serve Europe's goals across the board. More openness is needed to avoid any perception that projects are being given PCI status as a result of horse trading and industry pressure on national governments. The more controversial the project the more transparent should the process of its selection be.

Implementation of the PCI Regulation in EU Member States; de-facto half of the EU Members (or more than that) is late in implementing the Regulation into their national legal frameworks - or simply applying it to current

What is the EC planning to do to ensure adequate implementation - especially with respect to public participation and transparency - of the Regulation in MS?

The greater public participation reduces the risk of scarce public resources from Connecting Europe Facility and the European Investment Bank as well as other national public financial institutions being misallocated by focusing on short-term security of supply consideration squeezing out the mid and long-term climate and energy goal of the European Union as well as environmental and biodiversity protection goals.

Learning from mistakes: In the last process of the PCI list there has been lack of transparency and public participation: An initial written public consultation on a list of over 400 candidate PCIs was undertaken in autumn 2012. At this stage, too little information was given about many of the projects for respondents to be able to provide meaningful comments. Results of this consultation were never made public. It later became evident that following this consultation additional projects were added to the list of the candidates, including some that are environmentally problematic<sup>8</sup>.

-Does EC intend to carry out an SEA parallel to the establishment of the new PCI list? (I suppose not, but the obligation would arise from ESPOO and SEA can be a useful tool to integrate environmental concerns into this whole PCI issue - which is always outlined by EC and authority as non-environmental relevant) And parallel to that - what does the EC plan to do to foster adherence to the "Guidance for streamlining of environmental assessment procedures for energy infrastructure projects of common interest (PCIs)"?: [http://ec.europa.eu/energy/infrastructure/doc/assessment/20130919\\_pci-en-guidance.pdf](http://ec.europa.eu/energy/infrastructure/doc/assessment/20130919_pci-en-guidance.pdf)

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<sup>8</sup> According to the EEB and RSPB there are several PCI that have been included in the list with potential severe environmental impacts:

1. On-shore LNG terminal in Northern Adriatic
2. Hydro-pumped storage in Austria, Tyrol Alps (**Kaunertal Extension Project (AK)**)
3. Shannon LNG Terminal in County Kerry, Ireland
4. Czech Republic internal lines connecting to nuclear power plant Temelin
5. LNG Paldiski, Estonia