

ON THE INSIDE: HOW THE GAS LOBBY INFILTRATES EU DECISION MAKING ON ENERGY

AN OBSCURE BODY REPRESENTING THE GAS INDUSTRY | ESTABLISHED BY EU LEGISLATION |
BENEFITING POLLUTERS INSTEAD OF THE COMMON INTEREST OF EUROPEANS



#FOSSILFREEPOLITICS



**Friends of
the Earth
Europe**

**FOOD &
WATER
ACTION
EUROPE** 



This briefing shows how the trans-European energy infrastructure (TEN-E) regulation has placed an obscure body advocating for vested gas industry interests at the heart of EU decision making on energy. The privileged role of the European Network of Transmission System Operators for Gas (ENTSO-G) - a body made up exclusively of gas industry interests, including representatives with links to major gas and oil companies such as Engie, Enagas and OMV - in decision-making on energy policy has benefited fossil fuels, not the 'common interest' of Europeans or the planet. ENTSO-G's biased advice to the European Commission has helped its gas industry members benefit to the tune of €1.1 billion euros in taxpayer subsidies.

We face a climate emergency in which Europe has just years to wean itself off our addiction to fossil fuels. This briefing calls for a firewall to end fossil fuel industry access to decision-makers.

As the TEN-E regulation is revised, ENTSO-G must be fully replaced by a transparent, independent body free of all fossil fuel interests.

ACKNOWLEDGEMENTS

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Publication: July 2020

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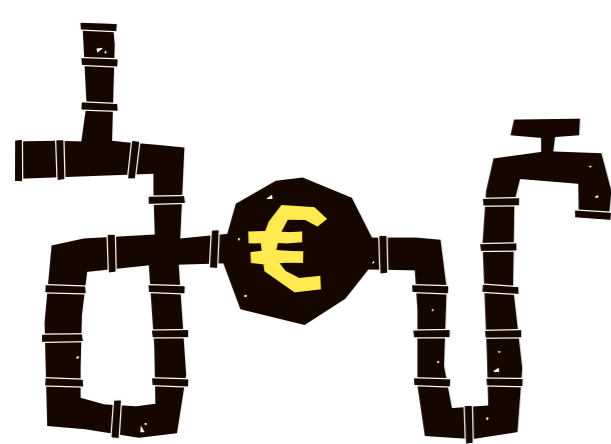
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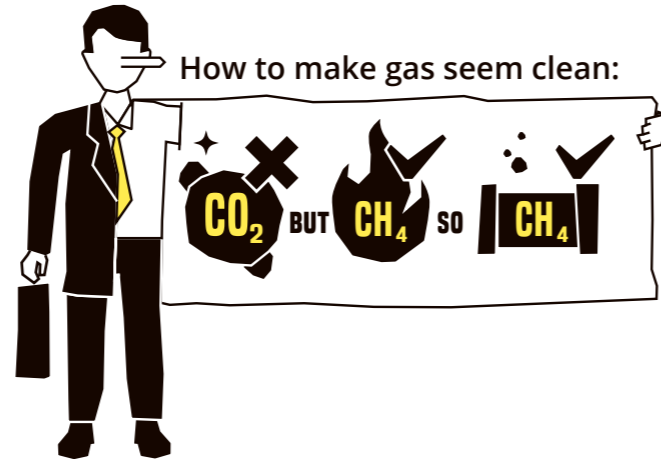
INTRODUCTION



HOW THE GAS INDUSTRY DUPED THE EU INTO SPENDING €1 BILLION ON FOSSIL FUEL INFRASTRUCTURE



1 DRAFT EU INFRASTRUCTURE PLANS AND OVERESTIMATE THE NEED FOR GAS



2 MAKE SURE GAS IS SEEN AS A BENEFIT AND SIDELINE HOW IT HEATS THE PLANET



3 SIT ON PANELS WITH EU DECISION-MAKERS IT'S NOT CONSIDERED A LOBBY

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**OVER
€1 BILLION
HAS BEEN AWARDED
FOR FOSSIL
GAS PROJECTS**



The European Network of Transmission System Operators for Gas (ENTSO-G), established under EU law in 2009, brings together Europe's gas pipeline companies to advise the European Commission on energy infrastructure.

ENTSO-G is a body established through EU legislation. But in reality it is an industry association, representing the interests of its 44 member companies, most of which run national gas transmission systems in EU member states.

Many of the members are international players in the energy sector, whose business model is based on building out the EU gas network. They have a financial interest in expanding their operations, and the EU's gas market – and in some cases, they belong to larger international oil and gas companies.

One of ENTSO-G's key activities is putting together Ten-Year Network Development Plans. Produced every two years, these plans lay out ENTSO-G's vision of the evolution of Europe's gas infrastructure over the next ten years. Despite the requirement to have a more holistic approach to network planning by involving ENTSO-G's electricity counterpart ENTSO-E since 2018¹, the various scenarios developed are not compatible with the Paris climate agreement, nor with the EU's climate and energy targets.²

A lobby for gas

In its EU transparency register declaration, ENTSO-G states that "ENTSOG is a non-profit association and does not have the mission to represent its members, collectively or individually". However, ENTSO-G is not independent of its members: both its board and the staff come from its members (for more see below, *Who is ENTSO-G really?*). We have seen recent evidence of ENTSO-G joining forces with the gas lobby to send a lobby letter arguing that significant investment from the EU COVID-19 recovery stimulus funds should go to the gas industry³. Between January and April 2020, ENTSO-G had several meetings with Energy Commissioner Kadri Simson and her cabinet regarding the expansion of the gas market⁴. As recently as June 2020, ENTSO-G co-signed a lobby letter with the gas industry, pushing for the upcoming EU Hydrogen Strategy to also include hydrogen derived from fossil fuels, banking on unproven greenwashing solutions like negative emission technologies.⁵

¹ <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex%3A32013R0347>

² <https://www.pac-scenarios.eu/tyndp-review.html>

³ <https://www.entsog.eu/sites/default/files/2020-04/Joint-letter-Covid-19-Recovery-plan.pdf>

⁴ <https://lobbyfacts.eu/representative/9a7838bfa382480e80f3e769035e678f/european-network-of-transmission-system-operators-for-gas>

⁵ <https://www.politico.eu/wp-content/uploads/2020/06/Hydrogen-Letter-to-President-von-der-Ley-en-20200624.pdf>

CAPTURING TAXPAYERS FUNDS

EU ENERGY INFRASTRUCTURE FUNDS SPENT ON ENTSO-G-BACKED FOSSIL FUEL PROJECTS

ENTOS-G MEMBERS' OWN
PROJECTS HAVE RECEIVED

75%

OF EU MONEY FOR GAS
INFRASTRUCTURE



The EU law for selecting energy infrastructure projects for priority development is the 'trans-European energy infrastructure' (or TEN-E) regulation. This controversial regulation has created a system of institutionalised lobbying, whereby the European Commission asks ENTSO-G to determine how much new infrastructure will be needed in Europe.

The TEN-E regulation has put the gas industry in a position to justify building dozens of new pipelines - including by inflating its estimation of the future gas demand⁶ and tweaking cost-benefit analysis⁷ to tip the balance in favour of gas projects.

ENTSO-G is heavily involved in the selection of EU priority gas infrastructure projects. These so-called 'projects of common interest' (PCIs), benefit from a range of support. PCI projects receive accelerated permitting procedures and streamlined environmental

impact assessments. They are also eligible to receive EU taxpayer funding under the Connecting Europe Facility (CEF).

Since the CEF was set up in 2013, the European Commission has spent €3.7 billion on European energy infrastructure projects. 40 percent, or €1.5 billion, of the fund's spending has been awarded to fossil gas projects.⁸ Of those CEF funds spent on gas infrastructure, ENTOS-G members' own projects have received 75 percent or over €1.1 billion. Moreover, projects connected to ENTSO-G's 12-strong board alone were awarded at least €913 million, or 60 percent of all CEF funds spent on gas infrastructure.

Fossil gas projects selected on the PCI list have access to further sources of EU subsidies too. The European Investment Bank and the EU's European Regional Development Fund have also heavily subsidised gas projects. From these, ENTSO-G members' projects have received an additional €2.9 billion.⁹

6 https://www.foeeurope.org/sites/default/files/extractive_industries/2017/entso-g_fossil_free_europe_report_vfinal.pdf

7 https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2019-2019%20on%20Gas%20PCI%20list.pdf P.11

8 https://ec.europa.eu/inea/sites/inea/files/cefpub/cef_energy_supporting-actions_2020-web.pdf

9 <https://globalwitness.org/pipedown>



Europe does not need to build new fossil gas infrastructure. Europe's well-connected gas network already has substantial over-capacity. Existing EU gas infrastructure is sufficiently capable of meeting a variety of future gas demand scenarios in the EU28, even in the event of extreme supply disruption cases.¹⁰ Europe needs to rapidly scale down dependence on fossil gas to meet its Paris Climate Agreement goals. Moreover new gas projects often go against the wishes of local communities.

SUBSIDISING FOSSILS: EU AWARDS VAST FUNDS TO MEMBERS OF THE ENTSO-G BOARD

		Received directly	Received with others
1	GAZSYSTEM	214,920,000 €	438,714,395 €
2	Plinacro	126,103,876 €	none
3	Eustream	438,527 €	108,977,949 €
4	Fluxys	none	23,323,731 €
5	Enagas	2,103,708 €	14,018,347 €
6	SNAM	none	14,018,347 €

▶ Data based on calculations by Global Witness

▶ *Split with other companies

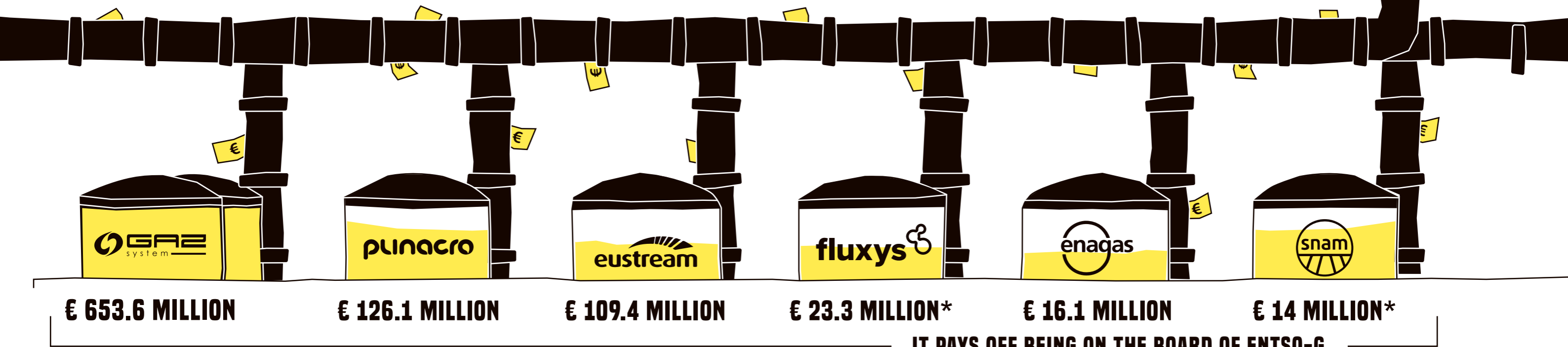
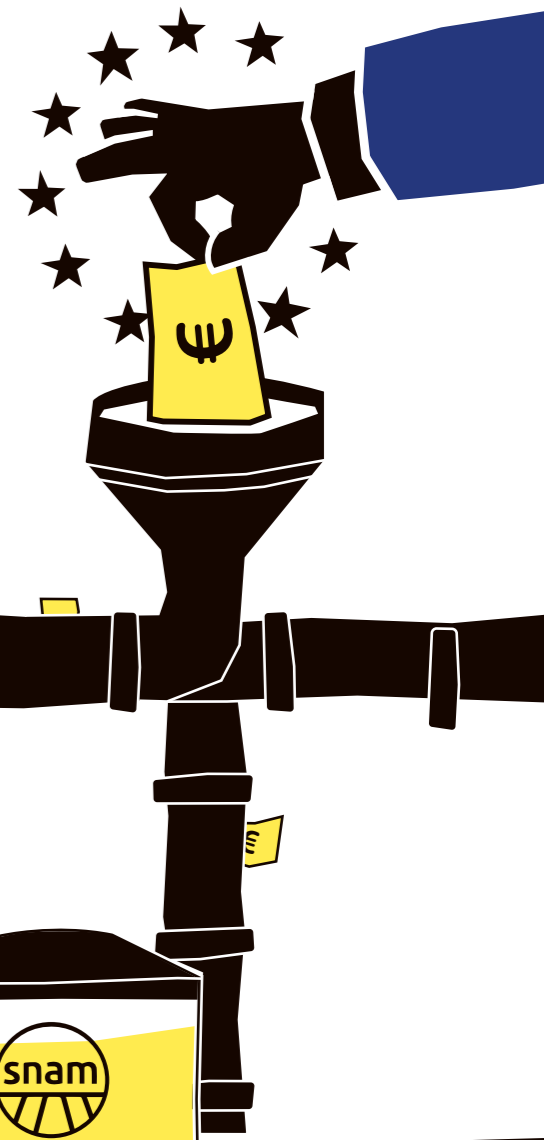
SUBSIDISING FOSSILS

ENTSO-G's biased guidance to the European Commission has helped ensure the PCI process, and the CEF funding attached to it, is fossil fuel friendly. Indeed, out of the CEF funds spent on energy projects since 2013, approximately 40 percent, has gone to the gas industry.¹¹

Two examples show how far ENTSO-G is willing to go to make its unnecessary gas projects look clean and strategic:

- ▶ By ignoring the importance of methane emissions from gas, a highly potent greenhouse gas, and comparing fossil gas projects with the dirtiest possible alternatives, ENTSO-G managed to reach a positive climate assessment for each and every fossil gas project that applied for PCI priority status.¹²
- ▶ In order to define the future needs of Europe's gas system, ENTSO-G looks at gas demand peaks. However, its assessments over-inflate gas demand by assuming that gas demand peaks in all EU countries at the same time - a situation which would never happen in reality. This is used by ENTSO-G to justify the need for spending on more pipelines, import terminals and compressor stations.

EU TAXPAYERS' MONEY



11 https://ec.europa.eu/inea/sites/inea/files/cefpub/cef_energy_supporting-actions_2020-web.pdf
 12 https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2019-2019%20on%20Gas%20PCI%20list.pdf P. 28

WHO IS ENTSO-G REALLY?

Many of ENTSO-G's members are international players in the energy sector, with a financial interest in expanding their operations - and in some cases, they belong to larger international oil and gas companies.¹³

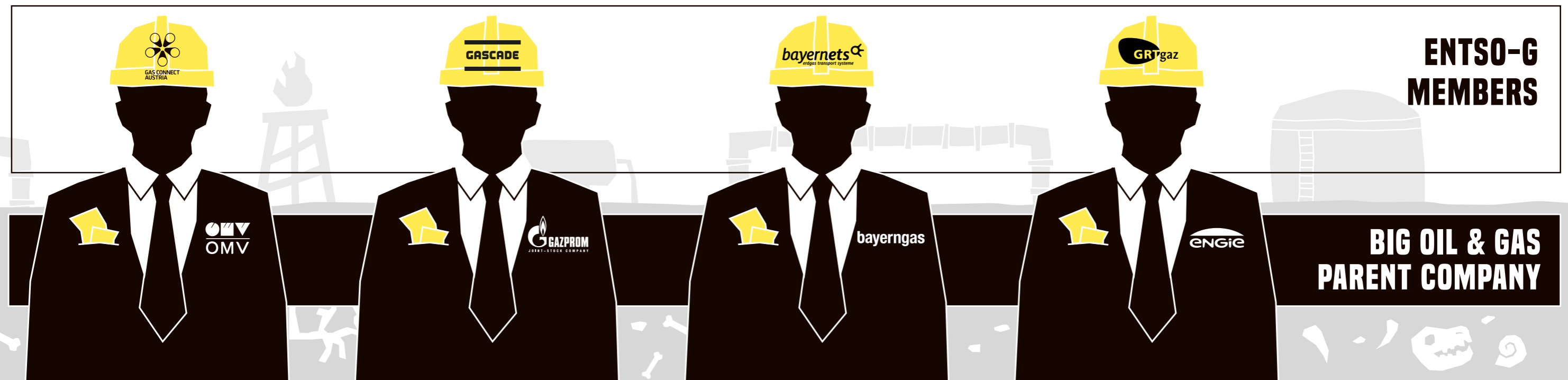
For example, German member GASCADE Gastransport GmbH is part-owned by Russian giant Gazprom. French member GRTgaz is owned by French energy company Engie. Austrian member Gas Connect Austria is predominantly owned by the oil and gas company OMV. Bayernets GmHB is mostly owned by gas extraction company Bayerngas. ENTSO-G's activities are governed by a 12-strong, all-male, board, drawn from its member associations and presided over by Stephan Kamphues, the chair of member company Open Grid Europe (formerly E.ON Gastransport). Other board members include representatives from Enagás, Italian gas transporter SNAM, Polish GAZSYSTEM, Belgian company Fluxys, the UK's National Grid Gas, French company GRTgaz, Romanian Transgaz and Hungarian FGSZ.¹⁴

If you're a gas infrastructure company, it pays to be a member of ENTSO-G. Its members benefit disproportionately from the PCI list. Not all transmission system operators or companies involved in building gas projects are members of ENTSO-G. But ENTSO-G members have received 75 percent of all public funding allocated to the PCI list through the CEF, 60 percent to its board alone.

Companies represented on the board of ENTSO-G have received hundreds of millions of euros (alone or in group projects) in public subsidies from CEF alone.

It is concerning to see the EU apparently considering replicating the 'ENTSO-G model' (a body created to advise the EU that's in fact representing industry interests) for other areas. The leaked EU hydrogen strategy mentions a 'clean hydrogen alliance' which would fulfill a similar role as ENTSO-G for planning hydrogen infrastructure.¹⁵ This risks replicating the same mistakes.

WHO IS ENTSO-G REALLY? ENTSO-G REPRESENTS SOME LARGE OIL AND GAS COMPANIES



¹³ <https://odg.cat/en/publication/who-owns-pipelines/#:~:text=Snam's%20majority%20shareholder%20is%20CDP,an%20inter%20municipal%20holding%20company>

¹⁴ <https://www.entsog.eu/structure>

¹⁵ "Sound infrastructure planning, such as on the basis of ten year network development plans (TYNDP), is needed on the basis of which decisions to invest can be taken." - Draft [19 June] EU Commission Communication "building a hydrogen economy for a climate-neutral Europe. A strategic roadmap."

CONCLUSIONS AND DEMANDS

**CUT FOSSIL FUELS
OUT OF OUR POLITICS!**



Though it was created under EU legislation, ENTSO-G behaves as an institutional lobby group, using its advisory role with the European Commission to defend the gas transport industry's interests.

Tasking those whose business model depends on building gas infrastructure to help us define the energy system we need in the future is an endeavor doomed to fail from the start.

To avert climate breakdown, we know that the vast majority of the fossil fuel's industry's reserves (including gas) need to stay in the ground. Tasking those whose business model depends on building gas infrastructure to help us define the energy system we need in the future is an endeavor doomed to fail from the start.

The fossil fuel industry's business model is killing our present and our future. Its extractive activities cause massive environmental destruction harming health, and destroying livelihoods and habitats.¹⁶ It is also heating the planet, causing countless deaths due to extreme weather, heatwaves, storms, and droughts, etc alongside other effects including forced migration.¹⁷ And this is only getting worse. Fossil fuel lobbyists, including ENTSO-G, are actively working against a truly clean pathway towards 100 percent renewables. Yet in both Brussels and national capitals, their lobbyists are still sitting at the table with decision makers when it comes to climate action. Some, like ENTSO-G, are given tremendous power by the European Union over the future of our energy mix.

We must cut fossil fuel interests out of politics.

¹⁶ <https://www.unenvironment.org/explore-topics/disasters-conflicts/where-we-work/nigeria/environmental-assessment-ogoniland-report>

¹⁷ <https://friendsoftheearth.uk/climate-change/climate-refugees-for-a-specific-example-of-displacement-because-of-gas-extraction>: https://www.foei.org/wp-content/uploads/2020/06/Gas-in-Mozambique_Friends-of-the-Earth_Executive-Summary_English.pdf

WE DEMAND:

- 1** **ENTSO-G be recognised by the European institutions as a lobbying organisation** representing the gas infrastructure industry and certainly not a public interest organisation.
- 2** **To institute a firewall to end fossil fuel industry access to decision-makers.** It is unacceptable to allow representatives of the gas industry such a central say in the future of our energy mix. ENTSO-G should be **removed from all EU advisory bodies, expert groups and public research bodies.**
- 3** **The European Commission revises the TEN-E regulation to remove ENTSO-G** and to create its own transparent, independent body in-house for advising all decision making processes on gas infrastructure capacity and needs.
- 4** **To limit undue influence on energy and climate legislation,** decision makers should also refrain from meeting with ENTSO-G or its members, as well as with lobby or public affairs companies that represent their interests.

WHAT CAN YOU DO?

- » **Tell the EU to cancel ENTSO-G!**
The regulation that grants vast powers to ENTSO-G to influence our energy system is up for review this year.

DEMAND CHANGE!

- » **Read more about the campaign for fossil free politics:**
fossilfreepolitics.org

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