

THE WAY FORWARD FOR EUROPE'S ENERGY TRANSFORMATION



Friends of
the Earth
Europe

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The Bulgarian crossroad: Paris Agreement or new gas lock-in?

In March 2018, the European Parliament approved the 3rd Union list of energy Projects of Common Interest (PCI), after a lengthy two-year process. However, the list proposed by the European Commission was, for the first time, subject to a strong objection from the European Parliament, which considered that the 100+ fossil gas projects included in this list were incompatible with the climate objectives set in the Paris Agreement.

The objection was supported by a quarter of MEPs and sets the tone for future discussions on EU-backed projects. Almost none of the 100+ gas infrastructure projects (including many in South-Eastern Europe) are strictly needed. Most are therefore likely to be underused if not completely stranded – including those in Bulgaria.¹ These gas projects would at worst contribute to a new fossil fuel dependence that the climate cannot afford – and at best become stranded due to the inevitable reduction of gas demand and switch to renewable energy.

If we take the 2°C warming limit as a starting point, Europe has space left for only nine years of carbon emissions (at current levels) before our carbon budget is exhausted. If Europe replaced all oil and coal by gas today, this would only add three more years of emissions, at best.

There is no room for new gas infrastructure: if Europe is serious about staying below 2°C – let alone 1.5°C – top climate scientists say that we will have to completely phase-out fossil fuels, gas included, by 2035-2040 – as shown in a study for Friends of the Earth.²

AN EU BUDGET TO DELIVER THE PARIS AGREEMENT

In May this year the European Commission will publish their communication on the next EU Budget (the Multiannual Financial Framework). This is an opportunity for the European Union to invest in line with the reality of climate change; in energy savings and a 100% renewables-based energy system, jointly tackling energy poverty and climate change.

Article 2 of the Paris Agreement commits parties to 'Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development'. To meet this commitment the European Union should focus its spending exclusively on transforming the fossil-based energy system, increase its climate-linked investments and support Member States to achieve not just the existing Paris commitments on finance flows, but what is needed for sufficient emission reductions.

¹ http://www.energyunionchoices.eu/wp-content/uploads/2017/07/EUC_NSIEast_final.pdf

² <http://www.foeeurope.org/NoRoomForGas>

Phasing out fossil fuels by putting Efficiency First

To prepare the sustainable energy system we need, compatible with the long-term climate objectives set in Paris and the finite planet we live on, critical measures need to be taken to phase-out fossil fuels and use our energy resources more efficiently.

This last point is at the heart of the EU's energy policy discussions, with the "Efficiency First" principle, one of the five pillars of the Energy Union.³ This principle is essential for optimal use of the best and cheapest energy source Europe has: the one it does not have to consume. However, this principle requires a common understanding of its definition and the benefits in terms of energy security and energy poverty alleviation.

What does 'Efficiency First' mean?

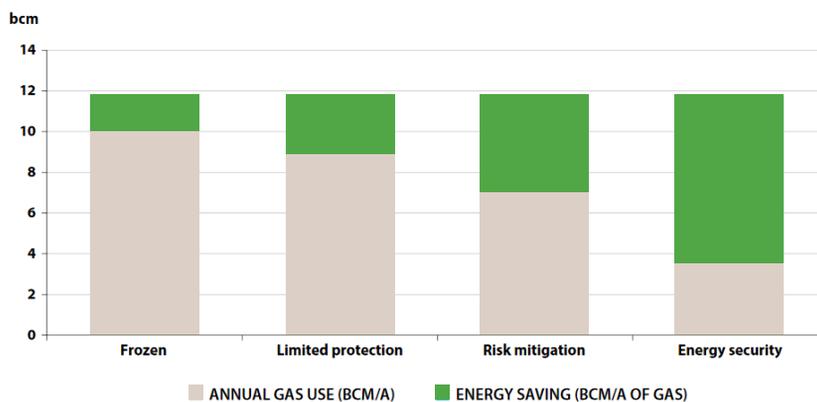
Efficiency First means demand-side measures should be primarily considered to solve supply-side problems. In other words, energy efficiency projects should have the priority over new fossil fuel infrastructure projects such as new gas interconnections, pipelines or LNG terminals.

What are the benefits of 'Efficiency First'?

Reducing gas demand through dedicated building renovation programmes can drastically reduce the need for spending on supply infrastructure, particularly in the South Eastern European region.

A study performed last year by BPIE⁴ shows that a 20-year investment programme of €81bn in the region would deliver energy-cost savings of €106bn. This would allow all buildings currently using gas to be renovated within 20 years, cutting gas consumption by 70%. Not only would this dramatically reduce gas bills and vulnerability to gas supply interruptions; this would change the life of millions of citizens currently living in energy poverty.

Reductions in gas demand within 20 years under the four scenarios



3 http://europa.eu/rapid/press-release_IP-15-4497_en.htm

4 <http://www.energyunionchoices.eu/wp-content/uploads/2017/08/Safeguarding-energy-security-in-South-East-Europe-with-investment-in-demand-side-infrastructure.pdf>

A Just Transition

The energy transition is happening, but it is not benefiting everyone yet. **Policy-makers have a responsibility to ensure a socially-fair transition**, to a people and community-owned energy system that lifts people out of energy poverty and does not leave workers behind.

This means a transition that is not paid for by the most vulnerable citizens, nor a bail-out for big energy companies in a changing energy context.

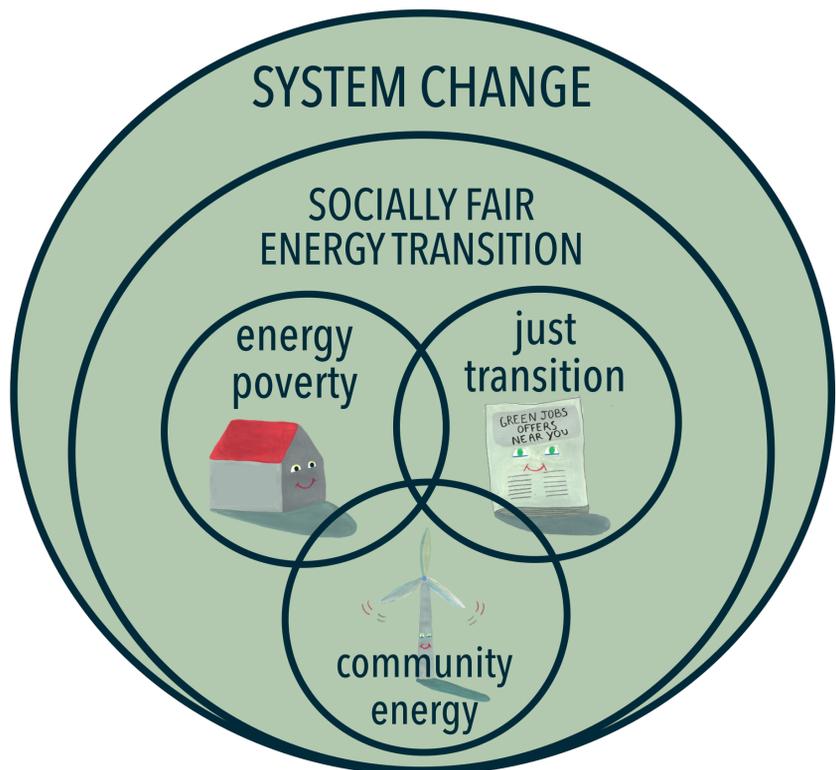
The energy transition cannot happen in its needed scale and speed if we don't work together with social actors. The argument of lost jobs is often used by the fossil fuel industry to challenge the post-carbon society – especially in the eyes of workers and their communities.

“The real choice is not jobs or environment. It is both or neither”

In the late 1990s, this phrase coined by trade unions led to the development of the concept of the **just transition**, a framework of policies designed to protect the jobs and livelihoods of workers and their communities in the transition to a clean, safe energy system – in particular for those who are vulnerable to unintended negative consequences of climate policies.⁵

A just transition is about protecting the workers and their communities. It does not mean bailing out big energy companies for their stranded investments in fossil fuels. It is about protecting workers in key sectors, including those in the chain of fossil fuel extraction, generation, distribution and supply.

Policy-makers need to ensure that unemployment, poverty, inequality, and fragmented communities are not the impacts people feel and experience through the transition. This means actively including workers and their unions in processes and decision-making linked to the energy transition, and ensuring the transition offers security and a quality life: decent, organised jobs, as well as upskilling possibilities for workers.



⁵ Anabella Rosemberg, International Trade Union Confederation, “Strengthening Just Transition Policies in International Climate Governance: policy analysis brief by the Stanley Foundation, April 2017, available at: <https://www.stanleyfoundation.org/resources.cfm?id=1629>

The transition will be citizen-owned or it won't happen

By 2050, hundreds of millions of "energy citizens" could be participating in the European energy market. Research in 2016 by CE Delft showed that half of all European Union citizens could be producing their own electricity by 2050, helping to meet 45% of energy demand in the EU. However this will only happen if the right conditions are put in place. This week's Energy Council has rights for community energy projects (or Renewable Energy Communities, RECs, as they are called in the Directive) on the table.

The name "Clean Energy Package for All Europeans" suggests that Maroš Šefčovič's promise in 2014 to allow citizens to participate in the market will be a central part of this package. However this promise is in danger of being revoked - at the behest of the Big Energy incumbents.

There are endless benefits to enabling community projects to proliferate everywhere; for example the local economic value of community owned projects is eight times greater than projects with outside developers, and such projects allow citizens to act together in solidarity to tackle energy poverty within their own communities.

European policy-making needs to demonstrate that it can have meaningful positive impact on the lives of citizens all over the Union. A Clean Energy Package that genuinely works for all citizens in their homes and their communities can be a win for European Union. With rising euroscepticism in almost every Member State, Brussels needs a win.

These community projects need a level playing-field to be able to participate in the market. It is important to recognise that RECs are a different type of actor from existing or larger energy players. They are groups of citizens who come together for the common good who are "value driven rather than profit driven". They are often not professional renewable developers, nor do they have the same access to expertise or capital. To give RECS the same fair access to the market, they need a framework that protects them from excessive administrative charges or administrative burdens.

To claim that a level playing-field means no positive discrimination is a misunderstanding of what different actors need to participate in the market. To ensure that the European energy transition is popular and supported by local communities, it is vital to give RECs the special rights that they deserve.



A package for all Europeans means tackling energy poverty

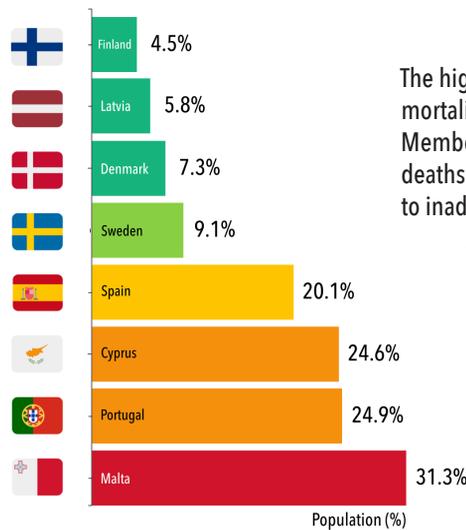
Energy poverty is a public health issue. This summer will mark the 15th anniversary of the deadly 2003 heatwave, that claimed 70,000 lives in Europe – a challenge that will continue to rise along with the temperatures on the continent. At the same time, every year, up to 100,000 excess winter deaths are directly due to cold, inadequate homes. Both environmental and social factors explain the particular vulnerability of those living in energy poverty.

Awareness of the problem is rising. We better understand its causes, consequences, and solutions. In January 2018, this translated into the creation of the EU Energy Poverty Observatory, a positive first step, as the Union still lacks criteria and data to measure this plight. We must understand its incidence to grapple it.

But a better understanding of the problem will not be enough: **we need bold political action for the millions of Europeans who face impossible decisions at home.** Between 2004 and 2016, the EU population with arrears in utility bills rose by more than 40%, with a clear increase after the financial crisis.⁶ In Greece, more than a third of the population is late on payments.⁷

A new platform is advocating for change: the Right to Energy coalition. Unions, anti-poverty organisations, social housing providers, health organisations, energy cooperatives... all united to defend access to energy for all, to defeat energy poverty and allow for a dignified life.

Excess winter mortality in the EU | 2014



The highest rates of excess winter mortality are found in Southern Member States. Up to half of these deaths can be directly imputed to inadequate buildings.

Source: Eurostat

What this means for the 2030 Energy package:

1. We need a definition of energy poverty, and criteria to measure it, to agree on the nature of the issue and monitor it.
2. The prioritisation of energy poor households in the Energy Efficiency Directive is crucial to ensure all Europeans can reap the benefits of energy efficiency.
3. We need the highest efficiency target possible to reap energy savings' long list of economic, social and environmental benefits. A 40% target would halve greenhouse gas emissions and ramp up renovations rates across the EU.
4. Energy is a human right, which as such must be recognised and enforced.

⁶ Eurostat
⁷ Eurostat

The fossil fuel industry cannot be allowed to shape the 2030 Energy package

The fossil fuel industry is committed to weakening the EU's climate ambition. The risk of greenwashing is higher than ever, as polluting corporations work to stave off the inevitable: the phase-out of fossil fuels.

As business associations such as Eurelectric work to change their image, publicising their wish to decarbonise “*well before 2050*”, in reality, European politicians are still heavily lobbied to support the lowest possible level of ambition. Leaked voting recommendations have revealed the association continues to lobby policy-makers, opposing higher efficiency and renewables targets.

Working to slow down progress

The gas industry also strives to present fossil gas as a solution to the climate crisis, as the “least dangerous” fossil fuel, or a “transition” fuel. Yet, as exposure of the problem of systematic methane leakage from gas operations increases, it has become less and less plausible for the industry to keep presenting fossil gas as “clean”. To maintain its role, the gas industry now promotes “renewable” gas technologies, and develops scenarios where these would entirely replace fossil gas by 2050 – despite the fact these are only in developing stages. The risk is great that they are used to allow industries to keep burning fossil gas for decades to come.

Meanwhile, the coal industry continues to wave the illusory promise of “clean” coal and lobbies for capacity payments, also known as hidden financial support for polluting plants. They even lobby against rules within these capacity payments to exclude the most polluting power plants that emit more than 550g CO₂/kWh. The 2030 Energy package must reflect the urgency of the climate crisis and common good: capacity payments are an absurdity that have no place in this framework.

As studies show a vast majority of Europeans support greater levels of climate action, the increasing visibility of the fossil fuel industry's lobbying activities risks undermining the faith of citizens in climate decision-making. The interest of fossil fuel corporations is not that of Europeans, as the industry works to protect its business model and profits at the cost of people and planet. Policy-makers must send a clear signal to citizens as to whose interest they have at heart.

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Friends of the Earth Europe campaigns for sustainable and just societies and for the protection of the environment, unites more than 30 national organisations with thousands of local groups and is part of the world's largest grassroots environmental network, Friends of the Earth International.



Friends of the Earth Europe is campaigning for what the climate emergency demands: a fair and urgent transition to a fossil fuel free energy sector in Europe by 2030. This means a just transition to a 100% renewable, nuclear-free, highly energy-efficient energy system, for the clean energy future that people want and need.



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