BEHIND THE CURTAINS: When the gas and nuclear lobbies reshape the EU sustainable taxonomy

MEDIA BRIEFING
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The new Sustainable Taxonomy aims at identifying activities that contribute to the ecological transition, in accordance with European climate and environmental objectives. While the eagerly awaited regulation is almost operational and received the European Parliament’s approval, the European Commission is considering the reintegration of natural gas and nuclear energy in the taxonomy. Looking closely at the chronology of events and at the European transparency register, Reclaim Finance sheds a light on the intense gas and nuclear lobbying that led to these dangerous last-minute discussions.

**Key findings:**

- It took two years of work to exclude fossil gas and nuclear from the new European sustainable taxonomy. Now, backdoor dealings and special procedures could lead to their integration.

- 189 players from the fossil gas and nuclear sector mobilize 825 lobbyists—450 full-time equivalents (FTE)—to put pressure on the European Commission. They are spending between €71.4 million and €86.6 million a year to influence EU decisions. This is a conservative estimate as the EU transparency register is voluntary and non-binding, thus allowing unreported and under-reported lobbying.

- The European Commission largely listens to fossil gas and nuclear lobbyists. Between January 2018 and July 7th 2020, EU officials held 310 meetings, 52 between the publication of the final report on the taxonomy in March 2020 and July 7th 2020. Since the taxonomy process started, in 2018, they had 2.36 meetings a week with them. The frequency of these meetings slightly increased after the last report was published in March 2020 from 2.28 to 2.86 times a week.

- The fossil gas lobby is especially vast and powerful. It gathers 167 entities that spend between €68.8 million and €82.9 million each year and devotes 759 employees—419 FTEs—to promoting the sector as a “bridge” energy.
A “sustainable” taxonomy without nuclear or fossil fuels... That was the initial plan

This new “European sustainable taxonomy” aimed at identifying activities that contribute to the ecological transition, in accordance with EU climate and environmental objectives. The technical expert group (TEG) was tasked to build the taxonomy and submitted its final report in March 2020 after two years of work.

The EU Parliament adopted the taxonomy regulation on this basis on June 18th, 2020. However, the taxonomy is not yet finalized:

- The first two objectives of the taxonomy—mitigating and adapting to climate change—will be implemented with delegated acts before the end of 2020.
- Regarding the four other objectives—water use, waste and circular economy, pollution and ecosystem protection—the taxonomy will be further defined by the new “sustainable finance platform”, which replaces the TEG, and whose work will be achieved by the end of 2021.

Though the taxonomy remains far from perfect, the TEG did not yield to intense fossil gas and nuclear lobbying and excluded these two activities:

- Applying a precautionary principle, the TEG concluded that nuclear could not be included as it could not determine whether it would “not significantly harm” the environment. In fact, to be included in the taxonomy, an activity needs to be approved for power generation that would only allow for highly efficient gas projects, possibly paired with carbon capture systems. This threshold effectively makes it exceedingly difficult to finance the development of the fossil gas sector through the sustainable taxonomy.

But gas and nuclear have been wielding considerable influence

While fossil gas and nuclear zealots may have lost the first battle, they are putting all their efforts into tipping the balance to change the outcome...

The fossil gas lobby has long been influential in Brussels. EU institutions are easily swayed by it, even though:

- Gas causes methane leaks that significantly contribute to global warming;
- Developing gas increases EU energy import dependency;
- The exploitation of current oil and gas reserves alone already breaks the carbon budget for a 1.5°C trajectory;
- Renewable energies are more competitive, and all fossil fuels must be phased-out by 2050 at the latest while any new gas investment locks in carbon emissions for decades.

The gas lobby has already successfully impacted the list of European Projects of Common Interest (PCI), the trans-European energy infrastructure (TEN-E) regulation and even the “green deal”. It is now trying to brand itself as “green” energy, by being eligible for EU “green” funds and included in the new taxonomy.

Although the nuclear lobby force may be less impressive than Brussels’ “gas army”, the sector is fiercely protected by a few key countries, principally France, Finland, and Britain. For its supporters, it is a “decarbonated” energy that is essential to the energy transition, regardless of:

- The accumulation of radioactive waste with no sound storage solution;
- The various security issues;
- The rising cost of nuclear energy, new reactors, waste management and reconversion.

To reach their goals, fossil gas and nuclear lobbies can count on powerful allies. Notably, the comeback of nuclear and gas could be the manifestation of a Franco-German deal: France is hellbent on protecting its nuclear sector, and Germany plans to develop gas. They seem also to have won the approval of key European figures in the Commission and Parliament.

The nuclear and gas industry use their own well-introduced experts to protect their interests:

- The International Energy Agency still refuses to integrate a fossil-fuel phase-out into its climate transition scenarios and is pushing for an EU energy transition through both gas and nuclear.
- The Nuclear Energy Agency released a report on nuclear waste disposal to respond to the TEG’s assessment that nuclear waste disposal poses a threat to the taxonomy’s “do no significant harm” principle and pushes for a nuclear-fueled post-Covid recovery.
- Various national figures and institutions from pro-nuclear countries like France and Finland have been pushing for nuclear to be at the center of the energy mix.

And gas and nuclear are making a comeback

Gas and nuclear advocates are already seeing their efforts rewarded.

The European Commission decided that nuclear will undergo a specific technical expertise—conducted by the European Commissions Joint Research Centre—that could lead to its integration in the taxonomy by the end of 2021. Therefore, nuclear will be the only activity excluded from the new sustainable platform’s work. Moreover, under Article 31 of the Euratom Treaty, the joint research group’s report will be reviewed by experts on radiation protection and waste management, who are notably pro-nuclear, and by “experts on environmental impacts from another Commission environmental group or committee”, about whom we know nothing. The Joint Research Centre itself emerged from the Euratom program and continued to be co-financed by it.

As long as the delegated acts are not published, it is likely that the Commission would opt for a CO2 threshold that is higher than the TEG’s recommendation and allows for a broad inclusion of gas projects. The discussions on green transition funds have shown that the EU is prone to depicting gas as a “bridge” fuel which will progressively replace other fossil fuels and some EU leaders indicated that a line should be drawn between what they deem to be “good” and “bad” gas projects.

In November 2019, the European Investment Bank (EIB), self-branded “EU Climate Bank”, adopted a 250g CO2/kWh that largely allows for gas use to satisfy Germany and Eastern European countries. This precedent feeds the “bridge” fuel narrative and could easily be used by the EU Commission to justify a higher threshold and accommodate gas supporters. While backdoor dealings have surely played a role in these changes, gas and nuclear companies’ public lobbying has been blatant.
A small army of lobbyists with great firepower

Fossil gas and nuclear interests are defended at the EU level by at least 189 companies and organizations, together, they devote 825 people—450 FTEs—and spend between €79 million and €87 million a year on lobbying EU institutions. Many other players that back these interests are not registered and therefore are not included in these figures. According to the Corporate Europe Observatory (CEO), in 2017, “four out of ten organizations identified as actively lobbying on gas are not part of the voluntary EU Transparency Register, meaning there is no hard data about the resources they spend on lobbying.” Data in the transparency register is disclosed on a voluntary basis and is not legally binding, making under-reporting more than likely. Furthermore, the taxonomy is a key piece of financial regulation that has also drawn financial players’ attention, that are not included in this assessment but often continue to back the development of gas, LNG and nuclear energy.

<table>
<thead>
<tr>
<th>Number of players involved</th>
<th>Number of lobbyists involved</th>
<th>Number of FTEs used</th>
<th>Annual spending on lobbying activities (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nuclear</td>
<td>25</td>
<td>49.5</td>
<td>7.8-9.7</td>
</tr>
<tr>
<td>Gas</td>
<td>167</td>
<td>418.84</td>
<td>68.8-82.9</td>
</tr>
<tr>
<td>Total</td>
<td>189</td>
<td>449.84</td>
<td>71.4-86.6</td>
</tr>
</tbody>
</table>

Key overall data on the nuclear and gas lobbies at the EU level

The European Commission’s open ear to the gas and nuclear lobby

A large amount of EU energy and climate work, including the taxonomy, began in 2018. The technical expert group (TEG) published its final report on the taxonomy in March 2020, leaving other EU institutions to finalize it. Throughout this period, EU institutions continued to listen to nuclear and fossil gas lobbyists. Lobbyists have met with EU officials 310 times since 2018, and they had 52 meetings between March 2020 and July 7th, 2020 alone.

In other words, lobbyists met with officials 2.36 times a week, almost every three days. The frequency of these meetings increased after the publication of the TEG final report. It went from 2.28 times a week from January 2018 to March 2020 to 2.86 times between March and July 7th 2020.

Time to break free from the lobbyists

Including nuclear or gas in the taxonomy would mean immediately sacrificing its green ambitions, effectively surrendering the EU green transition commitment to energy lobbies. The EU Commission must fend off gas and nuclear lobbyists and ensure that the taxonomy remains coherent by:

- Cancelling the specific procedure and excluding nuclear from the taxonomy.
- Banning natural gas—like all other fossil fuels—from the taxonomy.

Furthermore, as the EU is setting the energy agenda for the decades to come, it is time to sever the ties between officials and fossil fuel lobbyists that contribute to untamed global warming. The current system feeds a climate destructing cycle whereby EU policies and funds finance fossil-fuel companies that in turn spend millions lobbying for fossil-friendly legislation. The trans-European energy infrastructure (TEN-E) regulation subsidized members of the European Network of Transmission System Operators for Gas (ENTSO-G) that is still actively promoting gas industry interests by as much as €1.1 billion. Even the European Central Bank’s (ECB) “independent” policies fall into that cycle: of the 38 fossil fuel companies that benefit from its asset purchases, 16 are spending between €16.6 million and €19.1 million each year and paying 109 people (63.6 FTEs) to influence EU decision-making.

EU institutions should simply refuse any meetings, conflicts of interest, partnerships, and collaborations with fossil fuel lobbyists.
Reclaim Finance identified players in the transparency register who are significantly involved in the gas or nuclear sectors. These players: operate nuclear or gas power plants, sell/build nuclear or gas infrastructures (e.g. turbines, pipelines), sell specific services related to gas or nuclear, represent companies that operate nuclear or gas power plants or sell nuclear or gas infrastructures, sell natural gas, manage the gas network, support LNG development. They use the words “gas”, “LNG” or “nuclear” in the register entry.

Reclaim Finance focused on meetings that took place from January 2018 – when the action plan on financing sustainable growth was discussed and adopted, thus launching the taxonomy process – to July 7th 2020 and from March 2020 – when the final taxonomy report was published, and other EU bodies took control of the process – to July 7th 2020. These meetings are likely to have had an influence on taxonomy decisions.

Reclaim Finance then aggregated the public data from the transparency register to obtain figures for each energy.

In order to ensure a faithful and conservative estimate of gas and nuclear lobbying:

- While Reclaim Finance used the full data available for companies and organizations involved, it decided to count each consulting firm involved as being one person and one FTE only. In fact, unlike for in-house lobbying carried out directly by companies, it is impossible to precisely determine how much of its resources a consulting firm dedicates to a single client and, therefore, to pro-nuclear or gas lobbying. Nonetheless, Reclaim Finance used the most precise data available in the transparency register to assess how much companies spend on financing gas and nuclear lobbying through these firms.
- Reclaim Finance excluded meetings not registered as pertaining to energy, climate, the nuclear or gas sectors, sustainable finance, and the EU green deal.

It is worth noting that due to the voluntary and non-bonding nature of the transparency register, this brief does not account for:

- Companies that choose not to register in the transparency register.
- Additional lobbying (e.g. meetings, spending) that is not recorded or under-reported in the transparency register.
- Consultancy firms and companies that protect gas or nuclear interests but do not clearly mention them in the transparency register.

REFERENCES

Credits

Pixabay | AdobeStock | Loic Mangarieux Pexel | Pexel

References

3. The selection process of sustainable platform members should be achieved by the end of September 2020 and its first meeting has been temporarily scheduled for October 15th and 16th. More about the platform: https://ec.europa.eu/info/publications/sustainable-finance-platform_en
7. Reclaim Finance asked the EU Commission for detailed information about the composition of this group and are waiting for its response. See the request: https://www.asktheeu.org/en/request/inclusion_of_nuclear_into_the_eu#incoming-27605
11. Cour des comptes, L'aval du cycle du combustible nucléaire, July 2019
12. Cour des comptes, La filière EPR, July 2020
17. Paul Christophe and Barbara Pompili, Rapport de la Commission d’enquête sur la sûreté et la sécurité des installations nucléaires, June 2018
18. Cours des comptes, Le coût de production de l'électricité nucléaire actualisation 2014, May 2014
19. Cour des comptes, La filière EPR, July 2020
21. Cour des comptes, L’aval du cycle combustible nucléaire, July 2019
22. Cour des comptes, L’arrêt et le démantèlement des installations nucléaires, February 2020
32. Fossil Free Politics, Big oil and Gas Buying Influence In Brussels, October 2019
33. Reclaim Finance focused on meetings that took place from January 2018 – when the action plan on financing sustainable growth was discussed and adopted, thus launching the taxonomy process – to July 7th 2020 and from March 2020 – when the final taxonomy report was published, and other EU bodies took control of the process – to July 7th 2020. These meetings are likely to have had an influence on taxonomy decisions.

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Annex 1 - Organizations involved in pro-nuclear lobbying

- EDF
- SE NNEGC Energatomat
- Fennovoima Oy
- Voimaasakeskus SF
- Vattenfall
- Slovak elektráreň, a.s.
- Pohjoilan Voima Oyj
- Aula Europe
- Alpiq Holding AG
- Rolls-Royce plc
- Kerntechnik Deutschland e. V.
- Teollisuus-Voima Oyj
- Fennovoima Oy
- Comité National de Radioprotection et de Radiassurance nuclear SNEC Energatomat
- CEZ, a.s.
- Orano
- Sustainable Nuclear Energy
- Technology Platform
- European Nuclear Society
- World Nuclear Council
- World Nuclear Association
- Foro de la Industria Nuclear Española
- Commisariat à l’Energie atomique et aux énergies alternatives
- European Atomic Forum
- European Turbine Network
- Uniper
- OMV Aktiengesellschaft
- MARCOGAG
- EVN AG
- OGP GAZ-SYSTEM S.A.
- Snam S.p.A.
- Italgas
- eustream, a.s.
- MBiGAS S.A.
- Gazprom
- Fluxys SA
- EUROGAS aisl
- GasTerra
- GasNaturally
- Enagas S.A.
- The UK Oil and Gas Industry Association Limited
- MOL Hungarian Oil and Gas Company
- Liquid Gas Europe - European LPG Association
- Instituto do Petróleo e Gás, Associação para a Investigação e Formação Avançada
- Gas Distributors for Sustainability
- MVM Hungarian Electricity Ltd.
- GasINDUSTRIAL
- ENERGIA
- Endesa
- EXMAR MARINE
- CORPORACION DE RESERVAS ESTRATEGICAS DE PRODUCTOS PETROLIFEROS SYNERGRID
- Regasificadora del Noroeste S.A.
- PRIMAGAS ENERGIA, S.A.U.
- NGV Global
- N.V. Nederlandse Gasunie
- Gasunie Oy
- RGTgas
- GASCADE Gastransport GmbH
- ConocoPhillips
- AB Amber Grid
- Trans Adriatic Pipeline
- SNTGN Transgas Romania
- NGVA Europe
- Energy UK
- Edison Spa
- ELTurbines
- ENERGIA
- Enel Spa
- EDIP
- Chevron
- Caterpillar Distribution Services Europe
- BDEW Bundesverband der Energie- und Wasserwirtschaft e. V.
- Athenora Consulting
- Association Française du Gaz Naturel pour Véhicules
- Wintershall Dea GmbH
- Vereniging Gasopslag Nederland
- Vattenfall
- Shell Companies
- SHV Energy NV
- ONTRAS Gastransport GmbH
- National Grid Commercial Holdings Limited
- Naftogaz of Ukraine
- Equinor ASA
- European Federation of Energy Traders
- European Federation of Local Energy Companies
- ExxonMobil Petroleum & Chemical
- GECODE
- Gasfin S.A.
- Hellenic Petroleum Group of Companies
- Keler
- MAN Energy Solutions SE
- NOVE
- Navigant Netherlands B.V.
- Nord Stream 2 AG
- Vereniging Ennergie, Milieu en Water
- AES Netherlands Holding B.V.
- AS Latvijas Gāze
- Associação Portuguesa de Empresas Petrolíferas Assommeria
- BHP
- Brussels Consult
- CHOOSE TOTAL
- VOCALES SOCIEDADE ANONYME
- COMPANIA ESPAÑOLA DE PETRELOS SA
- Centrica plc
- DNV GL
- DTEK Group
- Deutscher Verband Flüssiggas
- Distagaz Sür Relete
- Eesti Energia Aktsiaselts
- EnBW Energie Baden-Württemberg AG
- Enea Trading
- Eni S.p.A.
- Ervia
- European Oilfield Speciality Chemicals Association
- Federation of Associations of Energy Utilities Companies
- Fortum Oyj
- Hidraman
- Hutchison Europe - Brussel Branch
- Kemira Oyj
- LNG Allies
- LUKOIL
- Rud Pedersen Public Affairs

Annex 2 - Organizations involved in pro-gas lobbying

- Österreichische Vereinigung für das Gas und Wasserfach
- UK Onshore Oil & Gas
- Swedish Gas Association/
  Energias Sverige
- Global Gas Centre
- Galp Gás Natural Distribuição, S.A.
- GASTRADE SOCIETE
- ANONYME CONSTRUCTION AND TECHNICAL NATURAL GAS COMPANY
- Federation of Belgian Electricity and Gas Companies
- Fachverband der Gas- und Wärmeversorgung unternehmen
- Exhaust Gas Cleaning Systems
- Association Ltd
- Europäischer Leit-Verband der Hersteller von Gas-Infrarot-Strahlern e.V.
- European Network of Transmission System Operators for Gas
- European Association for the Streamlining of Energy Exchange - gas
- DVGW Deutscher Verein des Gas- und Wasserfaches e.V. - Technisch wissenschaftlicher Verein
- Associazione Nazionale Industriale Gas
- ASOCIACION ESPAÑOLA DEL GAS
- Slovak Gas and Oil Association
- Polskie Gornictwo Naftowe i Gazownictwo SA - Polish Oil and Gas Company
- Oil Gas Denmark
- Norwegian Oil and Gas Association
- International Association of Oil & Gas Producers
- Gas for Climate
- Gas Networks Ireland
- Netherlands Oil and Gas
- Exploration and Production Association
- Gas Infrastructure Europe
- Gas Energy, SGPS, SA
- GERG - Groupe européen de Recherche Gazière
- Linde Public Limited Company
- Lumina
- MYTILINEOS S.A.
- Maritime LNG Plattform e. V.
- Nauticor
- Nedgia
- ONTRAS Gastransport GmbH
- Open Grid Europe GmbH
- PETROL, Slovenska energetska družba, d.d., Ljubljana
- Polski Koncern Naftowy Orlen S.A.
- REDES ENERGÉTICAS NACIONALES, SGPS
- SE plc
- Slovenské elektrárne, a.s.
- Tellurian Trading UK Ltd
- Terage
- The Association of Manufacturers and suppliers of Power Systems and ancillary equipment
- Utility Support Group (USG) B.V.
- Valmet Oyj
- Van Oord Dredging and Marine Contractors B.V.
- Weber Shandwick, Current Global, Golin brand names of CMGRP Belgium SCRL
- Wartsila Corporation
- ΕΛΛΗΝΙΚΗ ΔΙΑΔΟΧΙΣΤΙΚΗ ΕΤΑΙΡΕΙΑ ΥΔΡΟΓΕΝΗΝΔΡΟΠΟΙΗΣΗΣ Α.Ε.
- TOTAL Direct Energie
- TOTAL S.A.
- General Electric Company
- European Chemical Industry Council
- Fédération belge des industries chimiques et des sciences de la vie
- Vallourec
- Repsol
- ETIP ZEP
- FuelsEurope
- Valero Energy Ltd
- Neste Oyj
- Milton Europe
- Union Professionelle des Industries Privées du Gaz
- GRDF
- Association française indépendante de l’électricité et du gaz
- Confédération Française de l’Encadrement-Confédération Générale des Cadres des Industries Électriques et Gazières
- Centrul Român al Energiei CEZ, e. V.
- Rolls-Royce plc
- EDF
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Reclaim Finance 2020

Reclaim Finance is an NGO affiliated with Friends of the Earth France. It was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance’s priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of some financial actors, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to bend existing practices to ecological imperatives.

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