New mega gas pipelines redundant according to EU's own projections

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The EU's plans for large new gas import pipelines and LNG terminals to Europe, outlined in the European Commission's October 2013 list of priority energy projects as well as in the May blueprint for energy security to be discussed during tomorrow's Energy Council (1), are not only counter to the EU's long-term climate goals but also unjustified according to the EC's own demand forecast.

Projects aimed at increasing EU gas imports, included in the European Commission's Projects of Common Interest (PCI) would surpass the five scenarios of the EC's own Energy Roadmap 2050 which all foresee an overall decrease in gas imports. Additionally, they would support authoritarian regimes which repeatedly violate human rights and limit space for democratic expression, according to an analysis by NGOs Platform, Re:Common and CEE Bankwatch Network launched today. (2)

The inclusion of such projects on the EU's PCI list makes it likely they will receive priority funding from public support via the European Investment Bank, the European Bank for Reconstruction and Development, the EU's Connecting Europe Facility or instruments like Europe 2020 Project Bonds.

Out of the 248 projects on the Commission's PCI list, more than 100 are for natural gas transmission, storage and LNG and at least 15 are aimed at increasing EU gas imports. The biggest and most problematic among them are the Trans Adriatic Pipeline (TAP) and Trans Anatolian Pipeline (TANAP), part of the Southern Corridor - or Euro-Caspian Mega Pipeline as it is popularly known – which are meant to bring to the EU gas from the Caspian region via Turkey.

If constructed, the gas projects – including TAP and TANAP - will have high financial, human rights and environmental costs, say the groups.

"Much of the EU's existing gas import infrastructure is under-used, and according to the EC's demand forecasts in the Energy Roadmap 2050, there is more than enough current infrastructure to cover imports during the next few decades, even taking into account the expected production decline in Norway", explains Kuba Gogolewski of CEE Bankwatch Network.

"Of course the idea is to reduce dependence on Russia, and there are cases where investments may be justified to better distribute gas within the EU. But building huge new import pipelines and new LNG terminals on the scale planned will perpetuate the EU's dependence on imported fossil fuels", he adds.

"The Euro-Caspian Mega Pipeline would lock the EU into dependence on gas from Azerbaijan and Turkmenistan and increase social conflict in the region, providing a huge boost for the repressive Aliyev and Berdimuhamedow regimes who are pocketing the revenues", says Emma Hughes of Platform. "There is little point in lessening dependence on Russia only to replace it with these unpredictable dictatorships".

A further concern is represented by public financing for the gas projects. While presented as private sector projects, some of them are already being envisaged to benefit from public support via the European Investment Bank, European Bank for Reconstruction and Development, the EU's Connecting Europe Facility or instruments like Europe 2020 Project Bonds.

"It is almost impossible to build such large-scale infrastructure without the public ultimately taking on most of the risks, and we should not pretend otherwise", said Elena Gerebizza of Re:Common. "The use of 'innovative' financial mechanisms like the Project Bonds only means that public institutions and funds are used to favour private investors' profits leaving European citizens to bear the risks. What makes it all the more shocking is that communities in Europe and outside Europe are entirely excluded from the decisions about which infrastructure and energy model should work for them. "

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Notes for editors

[1] The EC Communication on a European Energy Security Strategy from 28.5.2014 will be on the agenda. The document is available at: http://ec.europa.eu/energy/doc/20140528_energy_security_communication.pdf

[2] The analysis is available at: http://www.counter-balance.org/wp-content/uploads/2014/06/PCI-June2014-web.pdf

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