



# COOKING THE PLANET

since 2014

Big Energy's year of privileged access  
to Europe's climate commissioners



*One year on from the appointment of Cañete and Šefčovič, Corporate Europe Observatory takes a look at who the commissioners responsible for climate and energy policies are meeting, and finds Big Energy dominating the agenda.*

In the run up to the Paris Climate Summit, Corporate Europe Observatory analysed the data about Big Energy's access to European Commissioners Miguel Arias Cañete, Commissioner for Climate and Energy, and Maroš Šefčovič, Vice-President for the Energy Union, in the year since they took office. According to data extracted from the Commission<sup>1</sup> itself, 80 per cent of their meetings were with the private sector. Big Energy dominated, including many of those companies most responsible for cooking the climate: in the last year, three quarters of the encounters with the energy industry to discuss climate and energy policies were with fossil fuel companies. This privileged access is reflected in the Commission's policies, from the direction of the Energy Union as it locks in fossil fuel infrastructure, to the watering down of the EU's climate ambitions.

Yet climate science confirms that we need to leave at least 80 per cent of fossil fuels in the ground in order to avoid runaway climate change.<sup>2</sup> The window of opportunity for preventing climate catastrophe is in the next ten years, and it can only be avoided by drastically cutting emissions, increasing real renewables, and dramatically improving energy efficiency. A year into this Commission, we are going in the opposite direction.

Due to Miguel Arias Cañete's links with the oil industry, over half a million people signed a petition against his appointment as Commissioner for Climate and Energy.<sup>3</sup> The designation of the less controversial Maroš Šefčovič as Vice-President for the Energy Union – with direct supervisory power over the Climate and Energy Commissioner – eased Cañete's appointment. During this first year of office both men and their Cabinets have been busy designing and drafting far-reaching proposals: from an Energy Union and reform of the Emissions Trading Scheme to car regulations and the EU's position in the upcoming UN climate negotiations. But how much have decision-makers been listening to corporate interests as compared to public interests during the shaping of these policies? The data laid out in this report is worrying.

Corporate Europe Observatory shows that around 30 per cent of the lobby encounters Commissioner Cañete, Vice-President Šefčovič, and their Cabinets had were with fossil fuel energy companies. The disturbing level of access to climate decision-makers enjoyed by the fossil fuel industry helps to explain why in the face of dangerous climate change the EU is putting forward timid and insufficient policies that benefit mainly the climate culprits themselves.

# A swarm of lobbyists

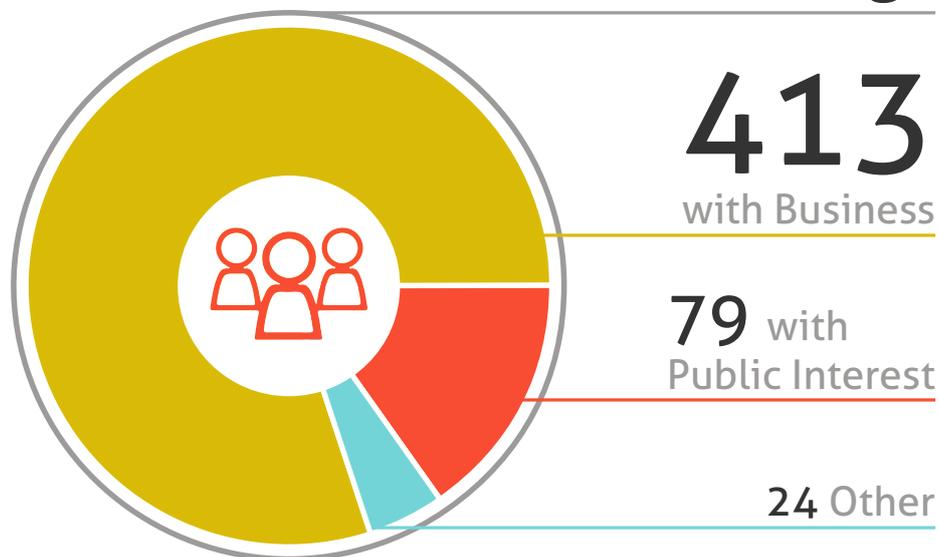
Big Energy and other major industry contributors to climate change have been lobbying hard in the past year. This is not just about the lead up to the UN Climate Summit in Paris in December 2015. Lobbying on the Emissions Trading Scheme in which industry can trade in permits to pollute continues apace. New regulations for car emissions are in the pipeline, just as a huge scandal about diesel standards has erupted. And concern about the vulnerability of the EU in the area of energy imports, fuelled by the Ukraine conflict, has pushed the proposed Energy Union – a comprehensive European energy policy – as a key priority.

The polluting industry lobby, fearing policies that could harm their business model, has behaved as a veritable swarm. The numbers are shocking.

## First year in office: meetings with lobbyists (\*)

80 per cent of lobby meetings held by Commissioner Cañete, Vice President Šefčovič and/or their Cabinets have been with industry during their first year in office (\*).

### 516 Meetings

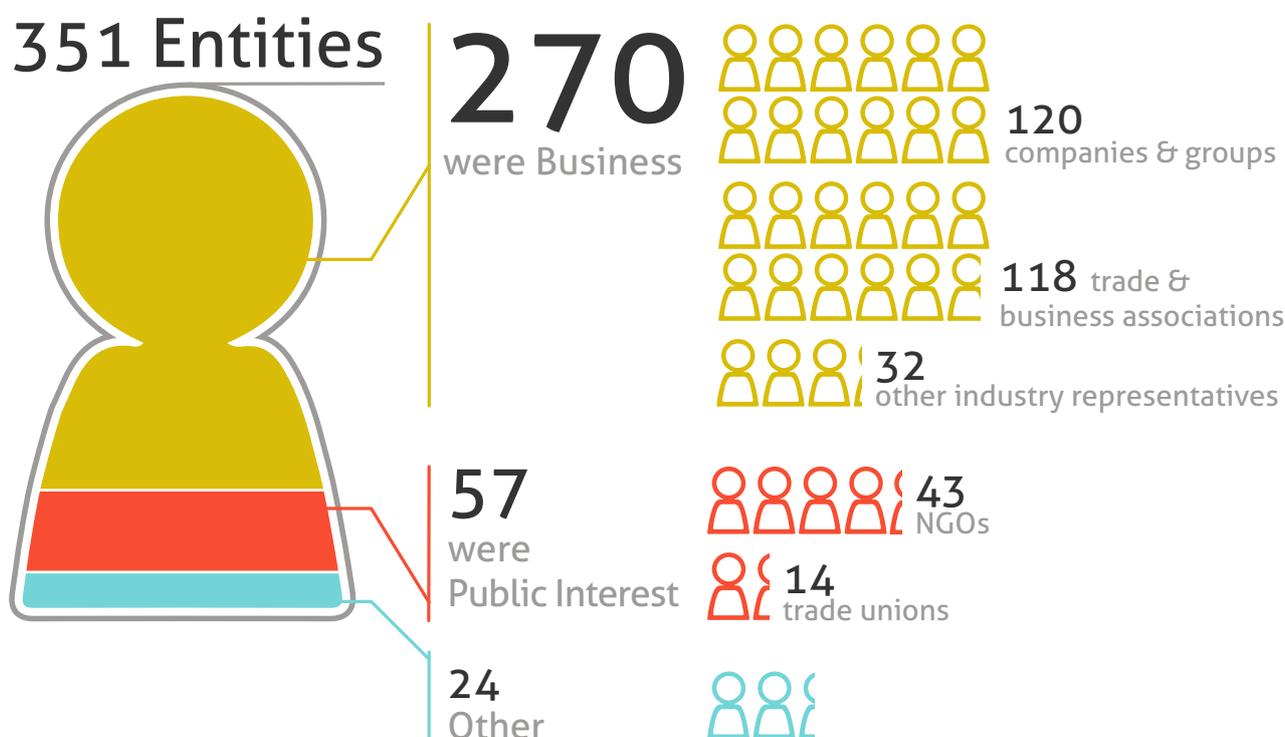


*Meetings can include a number of different lobbyists and/or several officials.*

*\* From November 1st 2014 to October 1st 2015.*

## Who are the lobbyists?

A total of 351 entities met with Cañete, Šefčovič and/or members of their Cabinets in their 11 months in office, comprising 516 meetings.



### BOX 1. The Commission's dodgy data

There were some inherent shortcomings in the data compiled from the Commission's online meeting disclosure, which complicates the interpretation.

- Information on meetings with stakeholders by Commissioner Cañete, Vice-President Šefčovič, and their respective Cabinets was given in four separate calendars. Some meetings are listed in more than one calendar.
- Many meetings were with more than one organisation. Therefore, one meeting often represents 'encounters' with several organisations.
- Additionally, as some of the same meetings appear in more than one calendar, these 'encounters' are counted twice.
- An 'encounter' thus represents an instance of one organisation being named in one calendar as a participant in one meeting.

To take an example, a single meeting with 10 NGOs (one of which is named twice, for an unknown reason) represents 22 NGO 'encounters'. This is because all organisations are double counted, due to the meeting being listed in two calendars (whilst the NGO that is named twice is counted four times).

It is not only meetings with multiple NGOs that are subject to this double counting: meetings with multiple industry entities are also affected.

However, NGOs met proportionately more often in groups than did industry, which had more one-on-one meetings. Ultimately, the double counting of NGO 'encounters' exaggerates the extent of Commission contact with NGOs.

NGOs had in fact a third fewer meetings than indicated by the 'encounters' alone.

- Industry represents 72 per cent of all encounters, but 80 per cent of all meetings;
- NGOs/trade unions represent 22 per cent of all encounters, but only 15 per cent of all meetings!

Whilst it was possible to identify the total number of meetings with industry vs NGOs/trade unions, and to add up the total number of individual organisations that attended these meetings, difficulties in the way the data was presented mean that for most of the more detailed comparisons (of sectors, type of actors, etc) the figures in this report refer to 'encounters' rather than meetings. Please take careful note of whether figures refer to encounters or meetings.

For more on this issue and on CEO's methodology, please see the Appendix.

## Cañete and Šefčovič head to head



MIGUEL ARIAS CAÑETE

- Commissioner for Climate and Energy.
- Newbie at the Commission, but previously worked in the European Parliament and Spanish government.
- Preceded by his controversial reputation as an oil man.
- Leads both DG Clima and DG Energy.
- Portfolio of dossiers includes the 2030 climate and energy framework, the further development of an EU policy for renewable energy, and the implementation of the Energy Union.



MAROŠ ŠEFČOVIČ

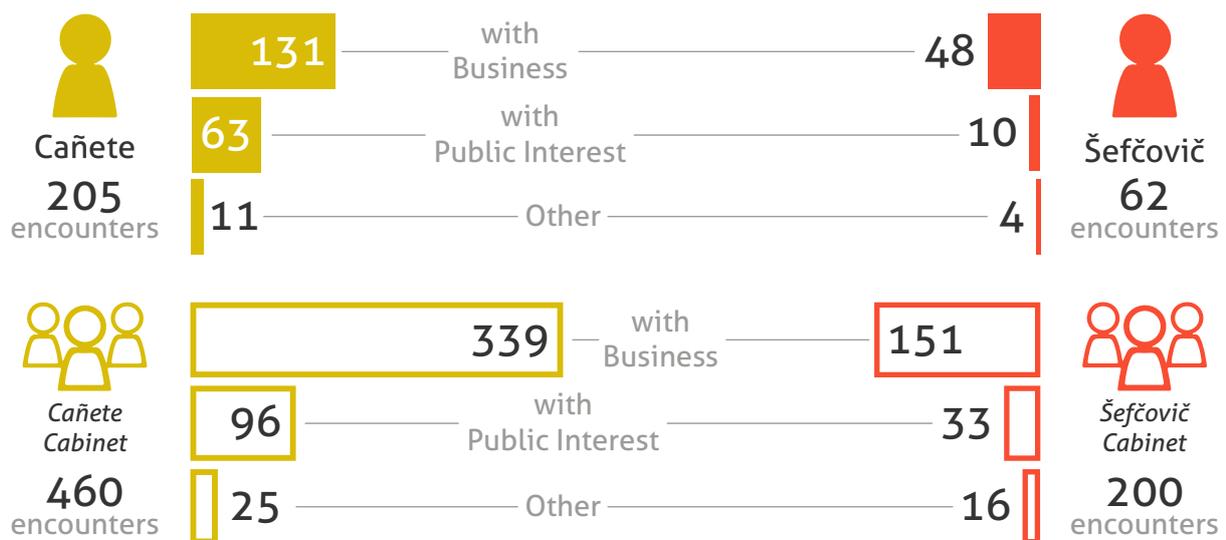
- Vice-President for Energy Union.
- Veteran at the Commission, serving his third term.<sup>4</sup>
- Reputation as a safe pair of hands in the Brussels bubble (though not always among advocates for greater transparency<sup>5</sup>).
- Has no Directorate-General, only a Cabinet.
- Responsible for the Energy Union, a political priority of the Juncker Commission, and for overseeing Cañete.

The Brussels media has reported on the rivalry between the two men, who seem to be caught in a race to see who speaks at more meetings and engages in more travel. It is said that Šefčovič guarded the drafting of the Energy Union in secret until it was at a very late stage,<sup>6</sup> something that was not appreciated by Cañete and his Cabinet. Tensions were also reported at the presentation of the Energy Union, with Cañete accusing Šefčovič of copying his notes and Šefčovič complaining about Cañete's repeated claim to be solely responsible for the realisation of the proposal.<sup>7</sup>

But if there ever was a competition to determine who meets more lobbyists, there is no doubt Cañete is the winner. In fact, he has more meetings reported than any other Commission official.<sup>8</sup> Cañete had nearly four times as many encounters as Šefčovič, as the following figures show.

## Who met whom?

During his first 11 months in office Cañete had nearly four times as many encounters as Šefčovič, whilst his Cabinet had over twice as many encounters as Šefčovič's Cabinet.



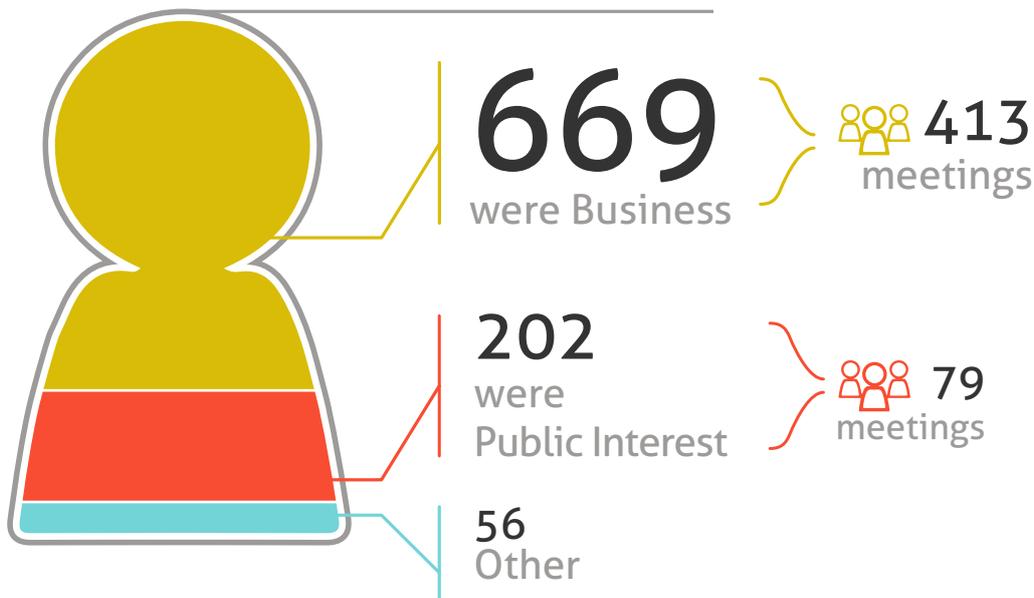
In recent months, and with the Paris Summit approaching, Cañete has been trying to increase the ratio of meetings with NGOs, something that fits with the image that his Cabinet wants to sell – an accessible Commissioner ready to listen to everyone, in contrast to Šefčovič.

However, public interest groups (NGOs and trade unions) appear to have enjoyed fewer one-on-one meetings with top Commission officials than have industry interests. This is something we see particularly in lobbying for COP21 (see section COP21 – a failure foretold).

## Better access for business

The 79 meetings that NGOs had with Cañete, Šefčovič and/or their Cabinets are made up of 202 encounters, an average of 2.6 encounters per meeting (see Box 1 on The Commission's dodgy data). By contrast, the 413 meetings with business are made up of 669 encounters (an average of 1.6 per meeting). This shows that public interest groups were met far more often in larger groups than business groups, which had more one-on-one contact with the highest levels in the Commission.

### 927 Encounters



*\* These are only indicative figures, due to the weakness of the Commission's data and the double counting problem of the same meeting being listed in multiple calendars (see Box 1 on The Commission's dodgy data).*

As a Spanish politician with close ties to industry at home, Cañete's arrival in the Commission has significantly increased the presence of the industry lobby from Spain, totalling 22 per cent of all his encounters. In contrast, only 2 per cent of Šefčovič's encounters have been with groups from his country of origin, Slovakia.

Meanwhile almost 40 per cent of the encounters that Cañete and his Cabinet had with Spanish industry took place in Spain, where the Commissioner is a frequent presence at corporate events. Of Cañete's encounters with Spanish organisations, a staggering 95 per cent were with industry and not a single one was with NGOs or trade unions.

## BOX 2. Commissioner Cañete's past

Cañete's easy laugh and cheerful character, combined with his skilled political abilities, have charmed many of those who last year would have taken him with a pinch of salt. This attractive facade does not change the facts.

- He has close ties with the oil industry. He was President from 2005 to 2011 of two oil companies, Petrologis and Petroleos Ducar, funded by his wife's family. He sold in his shares in 2014 after being nominated Commissioner, but his brother-in-law Miguel Domecq Solís Beaumont remains President.

His record as Environment Minister in Spain is appalling:

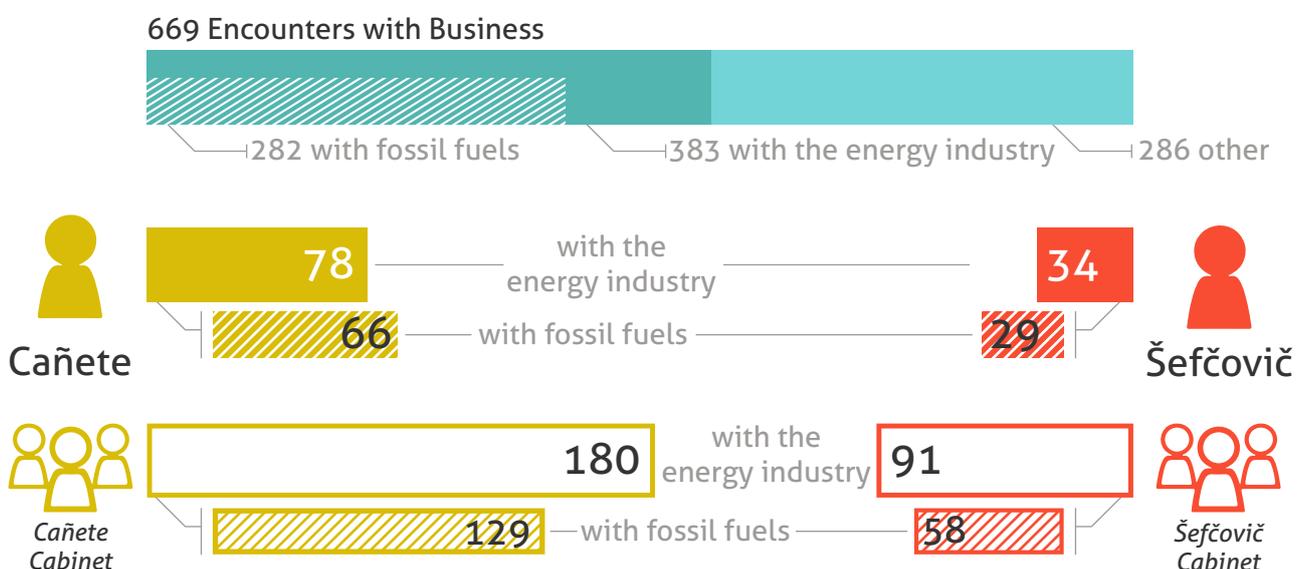
- Cañete brought fracking under control of a national law in order to bypass regional fracking bans.

- He approved a biased impact assessment for Spanish energy giant Repsol to drill for oil in the Canary Islands, despite huge popular opposition and flaws in the procedure. He also delayed the approval of the ecosystem conservation area status of a site affected by the drilling.
- He promoted biodiversity 'offsetting' laws, which meant developers could destroy valuable ecosystems with the false promise of 'recreating' them elsewhere.
- He watered down the air quality law.
- He approved a coastal law reform which reduces the effective protection of the coast.
- He approved a reform of the National Parks law, which allows activities such as hunting.

## Fossil fuel industry: oiling the wheels

### Fossil fuel industry enjoying privileged access?

An impressive number of total encounters were with the fossil fuel industry.\*



\* Any actor with a direct economic interest in the exploitation of fossil fuels.

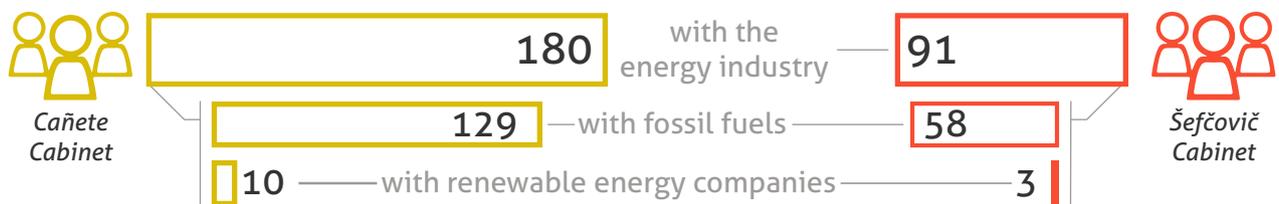
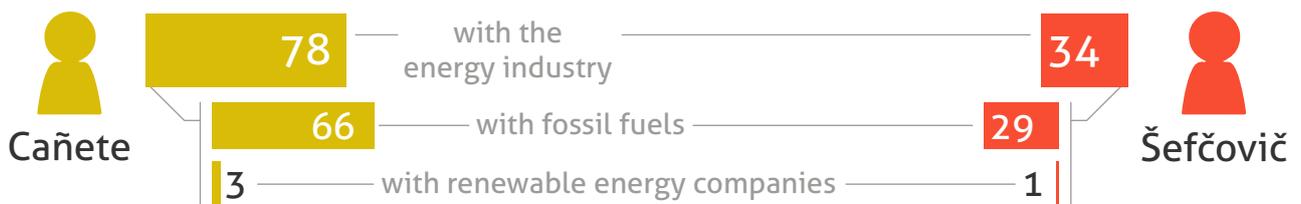
Of the fossil fuel industry players, oil giant BP and E.ON had the most contact with the Commission, each with 15 encounters (see section below, The most popular lobbyists). Statoil (with 14), Shell, Engie and Iberdrola (with 12 each), GasNatural Fenosa (with 11), ENEL (10), RWE (8), EDF and Eni (7), Repsol and Vattenfall (6), Fortum, Alstom and OMV (5) all had 5 or more encounters with Šefčovič, Cañete and/or their Cabinets.

By contrast, according to our analysis not a single meeting with (solely) renewable energy companies (ie not including companies with some renewable energy interests that still have fossil fuel interests) took place, whilst only six renewable energy associations had meetings.

## Fossil fuels vs renewables

The energy industry makes up more than half of all encounters with business, but while the fossil fuel industry has enjoyed easy access, renewable energy companies have barely seen the Commissioners or their Cabinets. Cañete has had 22 encounters with the fossil fuel industry for every one with renewable energy companies. Šefčovič is worse, having had 34 encounters with the fossil fuel industry and only one with renewable energy companies.

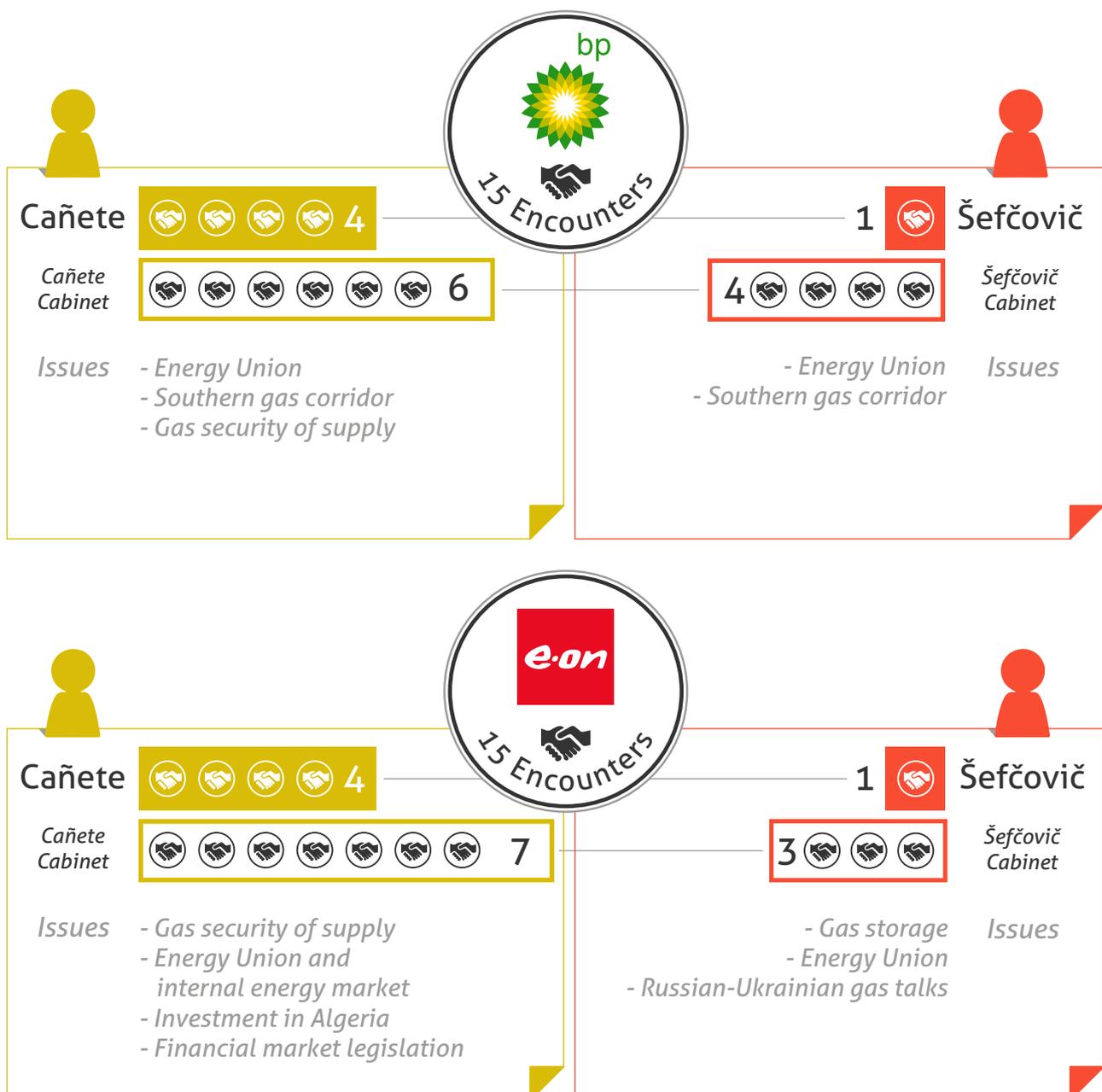
Out of 383 encounters with the energy industry...



# The most popular lobbyists

Electricity company E.ON and oil giant BP are two of the most powerful lobbyists in Brussels. BP has been named Europe's fiercest corporate opponent of action on climate change; its declared lobby spend for 2014 was between €2,750,000 and €2,999,999 and the company had an equivalent of 3.75 full time lobbyists.<sup>9</sup> E.ON is another notorious lobbying powerhouse with 11 full time equivalent lobbyists, and a declared lobby spend of between €2,000,000 and €2,249,999.<sup>10</sup> Both are also powerful members of numerous trade associations that lobby against effective climate action.

## Favourite lobbyists



E.ON lobbyists have a favourite Cabinet member: Joachim Balke. Of the seven encounters that E.ON had with Cañete's Cabinet, Balke was in five, and in four of them he was the only Cabinet member present. After working at the European Parliament, Balke was employed by E.ON for four years (2004-2008) before joining the Commission, where he moved from DG Taxation to DG Energy, and then to Cañete's Cabinet.

Freedom of information requests reveal that Balke has kept a regular correspondence with E.ON representatives during his time at DG Energy, and that he helps E.ON with easy access to the Cabinet. The first meeting Cañete appears to have had with industry as Commissioner was with the CEO of E.ON, Johannes Teyssen (then head of the electricity lobby Eurelectric).<sup>11</sup>

Gas supply, energy internal market, security of supply, market design and Energy Union are the issues listed on E.ON encounters with Commissioner Cañete and his Cabinet; all of these are issues in which has competences.

BP, E.ON, and other fossil fuel companies consider gas a major issue; they are pushing hard and with plenty of success for gas to be considered not as a mere transition energy but as a 'clean' fuel and a major part of the energy mix in the years to come. This is despite scientific studies showing that methane leakage during the extraction process (particularly for fracked, but also for conventional gas) can be worse for the atmosphere than burning coal.<sup>12</sup>

## Why the fossil fuel lobby army?

While energy and climate policies inevitably have a major impact on fossil fuel companies, the same can be said for other energy industries. Why then is the fossil fuel industry deploying this army of lobbyists?

It has been acknowledged that the only possible course of action in tackling the climate change crisis is to leave at least 80 per cent of fossil fuels in the ground.<sup>13</sup> Consequently, the findings in this report are very disturbing. The fossil fuel industry continues its decades-long massive resource mobilisation to ensure that the world remains addicted to fossil fuels at the national, EU, and international levels. And in fact EU policies do assign a significant role for gas and oil in the energy mix, and do support technologies such as carbon capture and storage (CCS). CCS is an unproven technology to capture and store emissions underground that will not be implemented earlier than 2030, while it is urgent to act now. CCS provides an excuse to build yet more fossil fuel plants, diverting massive funds from real action and locking us into a dangerous energy system for decades to come.

## BOX 3. New transparency - the tip of the iceberg

The number of encounters disclosed by the Commission already gives an idea of the degree of corporate capture afflicting climate and energy policy in Europe. However, the number is even higher when we take into account that most of the lobby meetings with Commission officials actually take place at a level below the Director-General, the Commissioners and their Cabinets. Those meetings are not listed anywhere, and in many cases it is impossible to get an overview.

In July 2015 ALTER-EU (of which CEO is a member) submitted an access to documents request for a list of meetings with DG climate officials<sup>14</sup>. DG Clima has refused to grant the information, arguing that such a document does not exist. However, disclosing this information is a matter of political will. When the same request was submitted to DG Fisma (the Directorate-General for Financial Stability, Financial Services and Capital Markets Union), it released a list of 465 meetings with lobbyists below the level of Director-General.<sup>15</sup>

Another example is the pharmaceutical industry. In the Juncker Commission's first four and a half months, key Commission directorates had between two and ten times as many meetings with big pharma at unit level (ie not disclosed online) than at top level (ie meetings disclosed online with Commissioners, Cabinets, and Directors-General). DG SANTE (Health and Food Safety) and DG GROW (Industry) had over twice as many meetings with the pharmaceutical industry at unit level than at the top level, whilst DG RTD (Research and Innovation) had over ten times more meetings with pharma at unit level than at top level!<sup>16</sup>

It would not be surprising if a similar pattern were also revealed for energy and climate lobby meetings held by lower level officials.

Moreover, the limited moves towards transparency shown by the Commission have to be viewed with caution. In order to hold public officials accountable it should be possible to know more of the contents of the registered meetings: the exact dossiers discussed, the names of the individual lobbyists attending, and the meeting minutes.

## Fossil fuel dreams: the four big lobbying targets

The corporate capture of climate and energy policies can be seen by looking in more detail at the main policies and proposals drafted by Miguel Arias Cañete, Maroš Šefčovič, and their Cabinets in this first year in office. Business interests have met tirelessly with officials in order to try to shape policies, and four key issues stand out. These are the upcoming regulations for cars, the UN climate negotiations in Paris at the end of the year, the reform of the Emissions Trading Scheme – the main EU climate policy – and the all-encompassing Energy Union, one of the two political priorities of the Juncker Commission.

# Juncker's grab bag: the Energy Union

In all of the meetings held with lobbyists by Šefčovič, Cañete, and their Cabinets the issue which came up most often was the Energy Union.

So, what is this Energy Union that propels so many lobbyists to the Commission's offices? The project's official goal is co-ordinating safe and affordable energy for Europe and reducing the need for imports. Vice-President Šefčovič is in charge, accompanied by a team of several other Commissioners: not only Cañete, but also the Commissioners for Environment, Transport, Research, Agriculture, Regional Policy, and Internal Market.

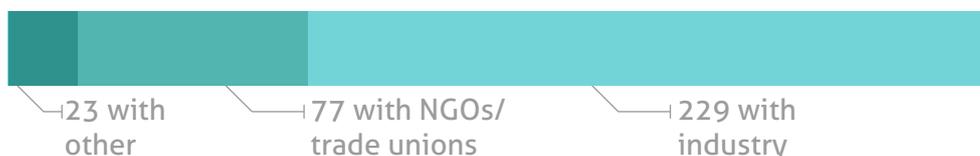
Plans (presented in February 2015) are divided into five policy areas. These are security of supply (diversifying energy sources, ie moving towards gas); a fully-integrated internal energy market; energy efficiency; emissions reductions (including the reform of the ETS and a global deal at the upcoming UN Paris negotiations on climate change); and research and innovation (funding for low-carbon technologies).

This all-encompassing plan touches on many interests, can be interpreted in many ways, and can go in many directions. The plan itself is full of contradictions. For instance, on the one hand it talks about energy efficiency, renewables, and emissions reductions. But on the other hand, and this is where massive lobbying from the fossil fuel industry comes to play, it gives priority to gas, promoted as a 'clean fossil fuel'.

## Energy Union: the hottest issue for lobbyists

The topic that has been listed the most times is the Energy Union, with a total of 329 encounters.

329 encounters on Energy Union



## Box 4. Revolving doors in Cañete's Cabinet

With the Energy Union as one of the political priorities for President Juncker, it is disquieting that Commissioner Cañete – with Energy Union one of the key issues in his dossier – has a Special Advisor who sits in the board of an energy company.

Guy Lentz, the Special Adviser to Commissioner Cañete, is a paid member of the board of Enovos Luxembourg, and he also works for the Economic Ministry as Luxembourg Coordinator for EU and International Energy Issues. He previously worked at Shell for eight years (1993 to 2000).

Enovos, which does not appear in the Transparency Register, is the biggest Luxembourg energy distribution company and also operates in Germany, France, and Belgium. It generates electricity, natural gas, and renewable energy for companies and homes.<sup>17</sup>

The Commission apparently saw no problem in appointing Lentz as a special adviser despite his role as a board member of Enovos. Cristina Lobillo Borrero, the Head of Cabinet for Cañete, signed a note to confirm her opinion that there was no conflict of interests: "In the framework of his mandate as Special Advisor, Mr. Lentz will not deal with matters which concern specifically Luxembourg or in which the Luxembourgish Government has a particular interest."<sup>18</sup> The only restriction that has been imposed on Lentz relates to his employment for the Luxembourg Ministry, not for Enovos. CEO has submitted a complaint to the Commission about its handling of the possible conflicts of interest arising from the situation of Lentz.

## The car industry – a powerful lobby against the climate

The car industry is a major factor in causing climate change – 12 per cent of greenhouse gas emissions in Europe are due to the use of cars. Reducing this impact is one of the EU's climate ambitions – for example by setting reduction targets for average fleet emissions. In addition, the EU was planning to bring in new emissions testing rules for 2017, although it was recently announced that the introduction would be delayed until 2019 following heavy industry pressure.

The data shows the closeness between the car industry and the Commission (see graphic on following page), which is particularly worrying in light of the latest Volkswagen rigged emissions tests scandal, and reveals how far car producers are ready to go in order to maintain their profits – at the expense of our health and climate.

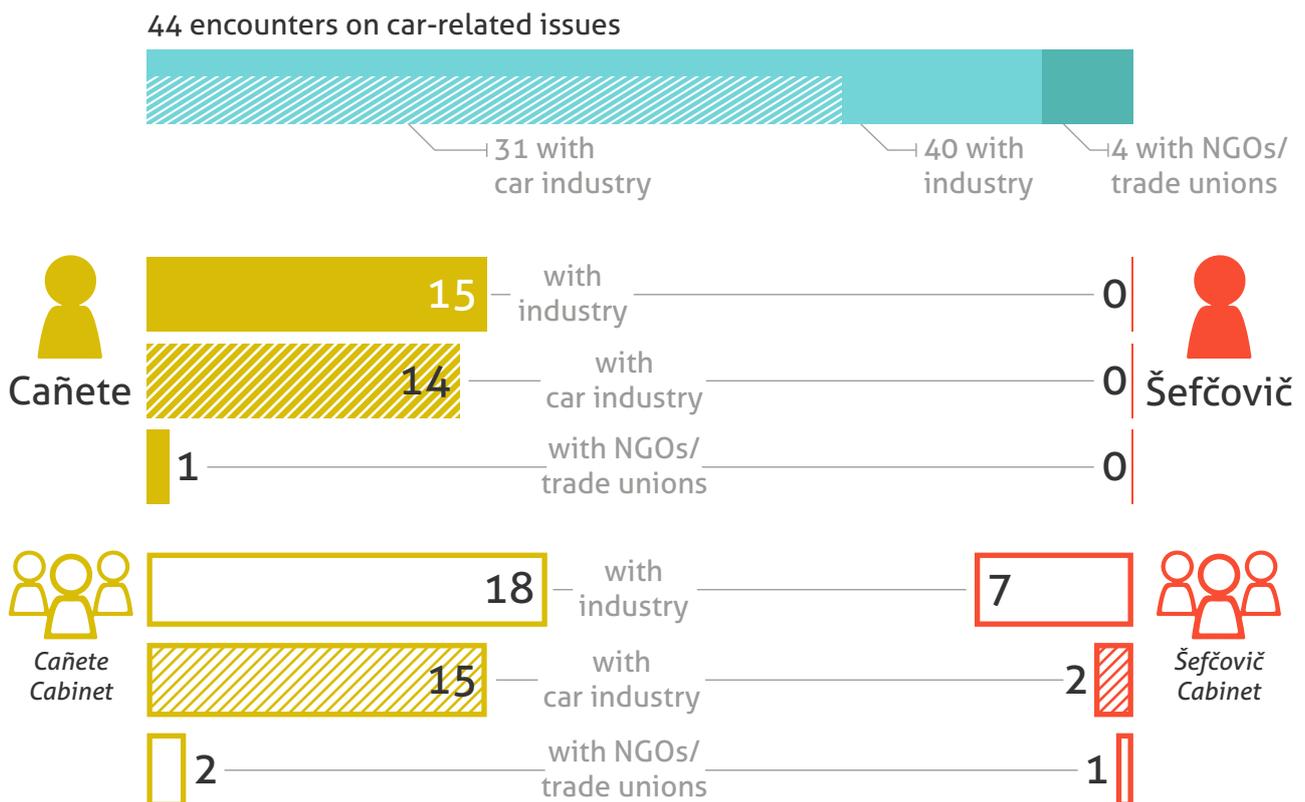
The car industry takes a substantial interest in climate policy making and has one of the most powerful lobbies in Brussels: according to the Transparency Register, car manufacturers and their trade associations together spent over €18m on lobbying in 2014. The top five lobby spenders on car issues are (in this order) VW,<sup>19</sup> Daimler,<sup>20</sup> the German car trade association VDA (Verband der deutschen Automobilindustrie),<sup>21</sup> the European auto-industry trade association ACEA (Association des Constructeurs Européens d'Automobiles),<sup>22</sup> and BMW.<sup>23</sup>

For the last two decades the car lobby has done its best to delay and water down climate regulations – with considerable success. This includes warding off the introduction of mandatory emissions standards in the 90s by agreeing on a voluntary emissions reduction target (which they then largely failed to fulfil). It also includes a successful lobby campaign to first delay and later weaken the introduction of emissions reduction targets at the beginning of this century, and current attempts in the ongoing revision of emissions testing systems to make the tests as toothless as possible.

But despite this blatant lobbying against climate change measures, the European Commissioners responsible for climate and energy - Cañete in particular - have kept in close contact with the car industry.

## The car lobby\*

The car lobby has started mobilising against stricter emission targets and testing rules.



\* These numbers do not include meetings at a level below Commissioners, members of their Cabinets and Directors-Generals, but documents reveal how other officials of DG Clima have met on numerous occasions with representatives of several important car manufacturers to consult them about the ongoing revision of emissions regulations.

# COP21 – a failure foretold

This winter's UN climate talks in Paris, COP21, are being billed as the most important since the failure of COP15 in Copenhagen in 2009. Governments are set to sign a global deal to combat climate change until 2050 – but all signs point to a climate catastrophe, with low ambition from historical polluters like the EU putting industry's needs before people and the planet.

Cañete himself is already playing down expectations: he readily admits that even if the Paris agreement doesn't limit temperature rises to the 2°C globally agreed limit (itself already a climate disaster), it "would not be failure".<sup>24</sup> Current pledges steer the world towards more than 3.5°C of warming.<sup>25</sup> Yet the rhetoric from Brussels continues to trumpet the EU's own ambition and calls on others to act,<sup>26</sup> despite the fact that the EU target is roundly attacked as being insufficient and a cave-in to dirty industry lobbying.<sup>27</sup>

While neither Cañete nor Šefčovič were in post when the EU position was adopted (within the EU's 2030 climate and energy package agreed in October 2014)<sup>28</sup>, this Commission continues to be a close ally of business in climate policy, pushing for them to play a greater role in the politics of climate. This continues a disturbing trend of increasing business involvement in the talks. In Paris the French Presidency, working with the UNFCCC, has decided to create a special section for business contributions to be held up alongside any eventual negotiating text (originally called the *Lima-Paris Action Plan* and now the *Agenda for Solutions*).<sup>29</sup>

## Preview

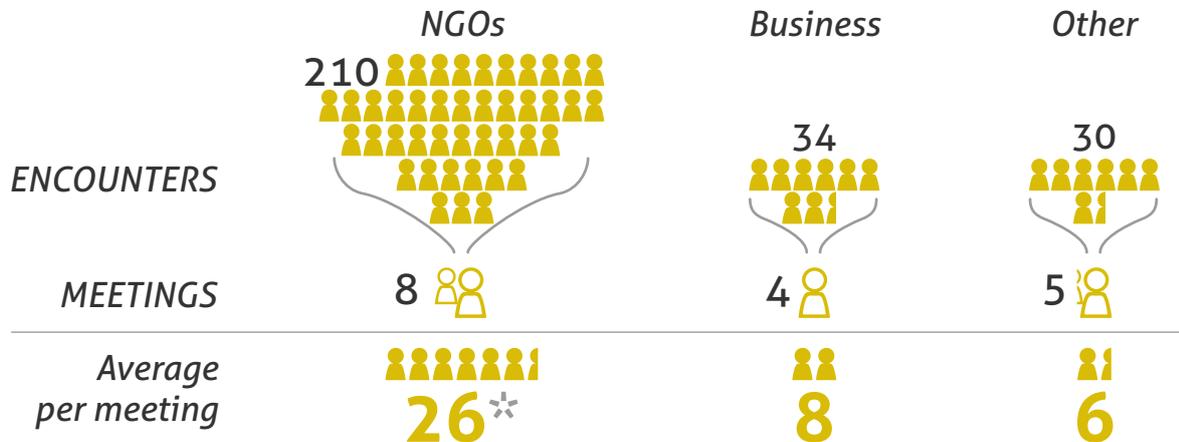


\* "European businesses have a key role to play at COP21,"<sup>30</sup> from a speech delivered to the French National Assembly.

As far as lobby encounters are concerned, Cañete and his Cabinet have had far more on the topic of the international climate talks than have Šefčovič and his Cabinet (274 vs 3!), reflecting the fact that Cañete will be leading the EU delegation in Paris. At first glance, Cañete appears to have a soft spot for NGOs on the topic, but a closer look reveals that the difference can be attributed to the dodgy double counting of calendars (for an explanation, see Box 1 on The Commission's dodgy data) and according to the figures, squeezing on average more than 25 NGOs into the same meeting. (This figure may also be accounted for by erroneous data entry, in which NGOs are double entered.)

## Cañete close to NGOs on COP21?

Cañete appears to heavily favour NGOs over business when discussing the climate talks: that is, until meetings rather than encounters are counted, as well as the amount of 'quality time' received by NGOs.



Digging deeper reveals that three meetings under 'other' were mislabelled in the Transparency Register and included business interests, for example the Spanish Chamber of Commerce. This makes the ratio 8 to 7 in favour of NGOs.

But it appears that no matter how many 'encounters' Cañete has with green groups, the EU will continue to put industry before climate. Its current position for COP21 is based on 'climate neutrality', ie rather than phasing out fossil fuels, 'neutralising' them through costly and experimental carbon capture and storage technology (burying the emissions underground, which even its proponents say is decades away from commercial readiness) or sucking emissions out of the atmosphere elsewhere in order to create negative emissions.<sup>31</sup> The most feasible technologies are all land-based (eg afforestation or biofuels), including the highly-experimental bio-energy carbon capture and storage technique (burning biomass and then burying the emissions underground), with only one pilot in operation and current modelling showing we would need land the equivalent of two Africas to grow enough biomass.<sup>32</sup>

The EU has also been pushing the failed model of carbon markets internationally, but this should come as no surprise, with Cañete himself a regular speaker at the International Emissions Trading Association's Carbon Expo in Spain. His appointment as Commissioner for Climate and Energy was warmly welcomed by the Association.<sup>33</sup>

Cañete's continuous calls for a "legally-binding deal" at the UN meeting in Paris ring particularly hollow when it's revealed that only a system of voluntary emissions pledges is to be legally-binding, rather than a system based on what science calls for and what the planet requires.<sup>34</sup> This reflects a long-standing push from the US, now supported by the EU, in what is becoming a familiar pattern of appeasing its largest transatlantic trading partner during the ongoing negotiations for the new TTIP free trade deal.

Cañete and the EU will continue to present themselves as climate heroes, despite having abandoned their efforts for a climate deal based on science and historical responsibility. The *ordre du jour* is business as usual, but with a vague green tinge.

# ETS – continued subsidies for the worst polluters

The Emissions Trading System (ETS), the EU’s carbon market which turned 10 this year, remains at the centre of the EU’s approach to addressing greenhouse gas emissions from power generation and manufacturing. Alongside many other groups, CEO has argued that it should be scrapped,<sup>35</sup> challenging several of the myths<sup>36</sup> that are used to justify the scheme, and showing that a number of positive alternatives<sup>37</sup> exist.

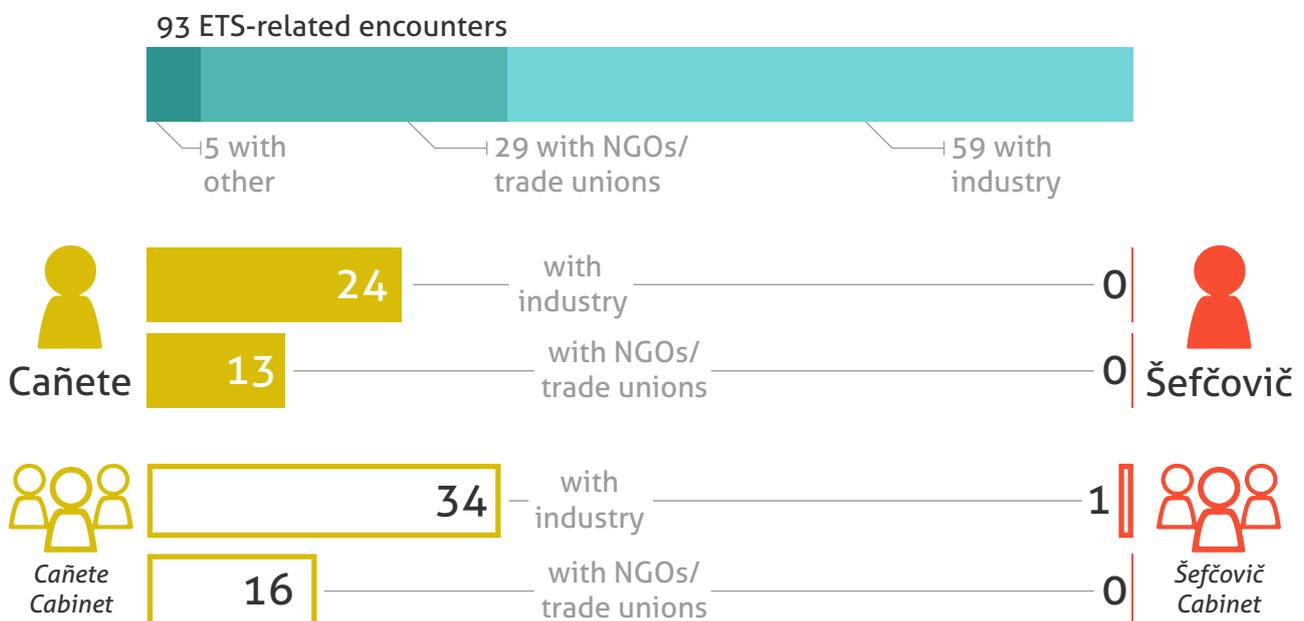
The ETS is flawed by design and has substantially failed to reduce greenhouse gas emissions. But it rumbles on regardless, a useful distraction for those in industry who sees it as a way to conveniently stifle other possible command and control regulations. Some of the worst polluters benefit even further by receiving subsidies under the ETS.

Cañete is not swayed by the evidence, however, saying, “there is no alternative to the ETS”.<sup>38</sup> In July 2015, the Commission published its proposal<sup>39</sup> to revise and extend the ETS to 2030 and beyond.

According to freedom of information requests submitted by CEO, industry has orchestrated a huge lobby campaign. Not only have industry actors had meetings with the Commissioner and his Cabinet, but they have also prepared a bombardment of position papers and letters to high-level decision-makers, commissioned favourable studies from lawyers and consultancies, and will continue pulling out every trick in the lobby toolbox over the many months the legislative process develops.

## Shaping the 4<sup>th</sup> phase of the ETS

The current review of the ETS – the EU climate flagship policy – is attracting lobbying from all sectors.



The main goal for industry is to keep receiving a free allowance to pollute. They claim that without these perks they will relocate to more polluting countries (known as 'carbon leakage') to save the costs linked to the ETS regulation. The free emissions permits allow industry to continue polluting as usual – and even to sell any surplus at a profit. Back in January 2008, the Commission promised that there would be "no free allocation" by 2020.<sup>40</sup> But its latest proposal will continue to offer free allowances to 50 industrial sectors until at least 2030. This is despite the fact that Cañete admitted in the press conference launching the new ETS proposal that there has been no evidence of carbon leakage to date.

Although in all fairness many of the elements in the proposal are based on the Council Conclusions of October 2014,<sup>41</sup> ie before Cañete took office, it is also true that he has not stood up to the narrow commercial interests of business and changed course. At his hearing in the European Parliament he declared that the free allowances "will also be needed after 2020 in order to ensure the competitiveness of Europe's energy-intensive industries"; in other words, he has never had any intention of making dirty industry pay.<sup>42</sup> But what would you expect from a man so close to the oil industry?

Shortly afterwards, on 4 December 2014, Cañete invited the energy intensive industry, the most vocal on carbon leakage, to a meeting to "discuss the main challenges that lie ahead for your sector in the different policy areas under the responsibility of Commissioner Arias Cañete". Industry was warned that due to new transparency rules their participation in the meetings would be made public – clearly, lobbyists were used to meeting officials in the dark.<sup>43</sup>

It will still take many months before the ETS reform proposal becomes law. But with the industry-friendly positions of Cañete and his team, it's a forlorn hope that the law will bring about any meaningful change.

# Conclusions

Despite Cañete's show of meeting frequently with NGOs, the data are clear. Cañete and Šefčovič, as well as their respective Cabinets, are giving privileged access to Big Energy, in particular to the fossil fuel industry, the biggest culprits of climate change. And this privileged access is reflected in the policies that these commissioners are making.

The climate change science confirms that the window of opportunity in which we can act in a meaningful way is closing: at the most it must be in the next ten years. It is essential that we leave most fossil fuels in the ground, cut emissions, increase real renewables, and enforce energy efficiency. There are a whole set of measures that could form part of the EU's climate and energy policies that would help to avert the climate crisis. And they would create more and better jobs.

Yet we are stuck with false solutions like the carbon market and techno-fix promises such as CCS. Not only do these schemes fail to cut emissions, but they lock us into a future of fossil fuels. And we are also stuck with a weak position for the upcoming UN climate negotiations in Paris, where the EU is falling short of advocating ambitious greenhouse gas reductions.

If the current policies are having such a destructive impact on all of us, why is the Commission adopting them? In part it is because Brussels has allowed the corporate capture of policy-making in the ways described in this report, among others. From revolving doors and close relationships with industry, to privileged access for business in the policy-making process, climate policies are incontestably made hand-in-hand with the fossil fuel industry. A staggering 74 per cent of the encounters with the energy industry to discuss climate and energy policies that have taken place in the last year were with fossil fuel companies.

It doesn't need to be like this. From emissions performance standards on power plants to well-targeted renewables subsidies, there are plenty of more effective climate policy alternatives to emissions trading, CCS, and other flawed EU schemes.<sup>44</sup>

But if we are serious about climate action, a first step should be to hold the decision-makers who facilitate this situation accountable. President Juncker has said: "Members of the Commission should seek to ensure an appropriate balance, and representativeness in the stakeholders they meet."<sup>45</sup> It is clear that neither Cañete nor Šefčovič are living up to this commitment, let alone reviewing whether it is even appropriate to be meeting with dirty energy on key issues such as climate change and emissions trading.

Now it is the time for radical action. It is time to simply forbid the influence of dirty energy on climate and energy policy. This has been done before, with tobacco. The UN World Health Organisation has enshrined in international law the principle that the tobacco industry has no role in public health policy-making, due to the "fundamental and irreconcilable conflict between the tobacco industry's interests and public health policy interests" and states that: "Parties shall act to protect these policies from commercial and other vested interests of the tobacco industry"<sup>46</sup>.

It can be done again.

# Appendix

## Methodology and background information on problems with the data

The data on meetings with stakeholders held by Commissioner Cañete, Vice-President Šefčovič and their respective Cabinets published online (in four separate calendars, one for each Commissioner and each Cabinet) forms the basis of the data analysis in this report.<sup>47</sup>

However, there are several major problems underpinning the difficulties in presenting and comparing the total numbers of meetings and/or entities met. This depends upon how the Commission has recorded the data and the very important distinction between number of meetings and number of – what we have called – ‘encounters’ with stakeholders.

**What is an encounter?** An encounter represents an instance of one organisation being named in one calendar as a participant in one meeting. But since this one meeting may be listed in several calendars, a single meeting with one organisation attended by one Commissioner and one member of his Cabinet would count as two encounters.

So, 20 ‘encounters’ with a particular organisation does not necessarily mean 20 meetings – but rather 20 instances of that organisation being named in a calendar. In other words, this could reflect ten meetings mentioned in two calendars (ie a Commissioner and his Cabinet), or five meetings mentioned in four calendars (ie the calendars of both Commissioners and both of their Cabinets).

Added to this, these meetings may have had multiple attendees (eg several organisations attending, as well as the Commissioner and Cabinet member). The results of this are problematic, as numbers of ‘encounters’ can therefore be even more misleading in terms of the actual number of meetings. For example 20 NGO ‘encounters’ could represent one single meeting of 20 NGO representatives with the Commissioner.

The relevance of this problem becomes clear when comparing the number of ‘encounters’ with the total number of actual meetings both for NGOs/trade unions and business. In the last year NGOs and trade unions had a much larger number of encounters (202) than meetings (79) (ie 2.6 times more encounters than meetings). And although industry also had a significantly larger number of encounters than meetings, the ratio is less extreme: 669 encounters to 413 meetings (ie only 1.6 times more encounters than meetings).

This complexity is a consequence of inherent shortcomings in the meeting data disclosed by the Commission, and compensation proved to be very difficult. Whilst it was possible to identify the total number of meetings with industry vs NGO/trade unions, and to add up the total number of individual organisations that attended these meetings, for most of the more detailed comparisons (of sectors, type of actors, etc) the figures in this report refer to ‘encounters’ rather than meetings. It is therefore important that data on numbers of ‘encounters’ for particular organisations or types of groups be understood in light of this uncertainty and careful attention must therefore be paid to whether figures refer to encounters or meetings.

### **Other notes on methodology:**

- The categorisation of organisations as companies & groups, trade associations, NGOs etc is based on the classification and subclass chosen by each organisation in its Transparency Register (TR) entry.<sup>48</sup> As a result, this means some organisations that CEO might consider as representative of corporate interests are not listed as such. For example, the Institutional Investors Group on Climate Change has registered itself as an NGO although its members include major banks, funds, and investors.
- Industry (or business/private sector) refers to TR subclasses 'Companies & groups', 'Other in-house lobbyists', 'Trade and business organisations', 'Professional consultancies', 'Self employed consultants' (plus a very small number for which the category is unknown but which appear to represent corporate interests).
- NGOs/trade unions refer to TR subclasses 'Non-governmental organisations, platforms and networks and similar' and 'Trade unions and professional associations'.
- The remaining 'Other' subclasses (which make up the remaining percentile in comparisons of industry vs. NGOs/trade unions), are those falling under classifications 'Think tanks, research and academic institutions' and 'Organisations representing local, regional and municipal authorities, other public or mixed entities, etc'.
- Companies were classified in different sectors according to their main field of activity (eg companies working on energy or belonging to the chemical industry). The entities of the energy sector were then further specified according to type of activity and their involvement in fossil fuels.

**Disclaimer: all numbers in the report should be taken as approximate, and are subject to a reasonable margin of error.**

## Footnotes

- <sup>1</sup> The Juncker Commission agreed on a common set of rules that apply to Commissioners, their Cabinets, and the Directors-General of the Commission services. From 1 December 2014, the Commission commits to, within two weeks of each meeting, publish on its website the dates, locations, names of the organisations and self-employed individuals met and the topics of discussion of its bilateral meetings.
- <sup>2</sup> See fi Christophe McGlade and Paul Ekins (2015), 'The geographical distribution of fossil fuels unused when limiting global warming to 2°C', *Nature* 517, 187–190, 8 January 2015, available at [www.nature.com/nature/journal/v517/n7533/full/nature14016.html](http://www.nature.com/nature/journal/v517/n7533/full/nature14016.html)
- <sup>3</sup> Avaaz, 'A "Petrolhead" as the next Climate Commissioner?', available at [https://secure.avaaz.org/en/canete\\_climate\\_pa\\_uk/](https://secure.avaaz.org/en/canete_climate_pa_uk/)
- <sup>4</sup> The Slovak was Vice-President for inter-institutional relations and administrative affairs from 2010 to 2014 (and responsible for transparency), and before that Commissioner for Education, Training, Culture and Youth.
- <sup>5</sup> Corporate Europe Observatory (2015), 'The record of a captive Commission', available at <http://corporateeurope.org/power-lobbies/2014/05/record-captive-commission>
- <sup>6</sup> David Keating, 'Energy Union: who's the boss?', 19 February 2015, Politico, available at [www.politico.eu/article/energy-union-whos-the-boss/](http://www.politico.eu/article/energy-union-whos-the-boss/)
- <sup>7</sup> Hendrik Kafsack, 'Kindergarten in der EU-Kommission', 15 May 2015, Frankfurter Allgemeine, available at [www.faz.net/aktuell/wirtschaft/wirtschaftspolitik/bruessel-kindergarten-in-der-eu-kommission-13592793.html](http://www.faz.net/aktuell/wirtschaft/wirtschaftspolitik/bruessel-kindergarten-in-der-eu-kommission-13592793.html)
- <sup>8</sup> Laurens Cerulus and James Panichi, 'The new EU power source: Energy-efficient lobbying', 15 October 2015, Politico, available at [www.politico.eu/article/lobbyingnet-web-of-influence-brussels-lobbying-energy-commission-transparency](http://www.politico.eu/article/lobbyingnet-web-of-influence-brussels-lobbying-energy-commission-transparency)
- <sup>9</sup> BP entry in the EU Transparency Register, accessed in October 2015, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=3394026642-5>; Arthur Neslen, 'BP tops the list of firms obstructing climate action in Europe', 21 September 2015, *The Guardian*, available at [www.theguardian.com/environment/2015/sep/21/bp-tops-the-list-of-firms-obstructing-climate-action-in-europe](http://www.theguardian.com/environment/2015/sep/21/bp-tops-the-list-of-firms-obstructing-climate-action-in-europe)
- <sup>10</sup> E.ON entry in the EU Transparency Register, accessed in October 2015, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=72760517350-7>
- <sup>11</sup> The meeting was attended also by E.ON's Vera Brenzel and Hans te Berge from Eurelectric and Joachim Balke and Cristina Lobillo (Head of Cabinet). In one of the documents obtained through freedom of information regulations, Brenzel asks Balke to keep the preparatory notes for that meeting private. (ref Ares (2015) 2422025). Note that the list of meetings registered on the Commission's website does not tally with the information received through freedom of information regulations. Corporate Europe Observatory is investigating this discrepancy further.
- <sup>12</sup> Howarth et al (2014) 'A Bridge to Nowhere: methane emissions and the greenhouse gas footprint of natural gas', *Energy Science and Engineering*, available at [www.eeb.cornell.edu/howarth/publications/Howarth\\_2014\\_ESE\\_methane\\_emissions.pdf](http://www.eeb.cornell.edu/howarth/publications/Howarth_2014_ESE_methane_emissions.pdf)
- <sup>13</sup> Ibid. Christophe McGlade and Paul Ekins (2015)
- <sup>14</sup> The request asked for a list of meetings (excluding the Commissioner, his Cabinet and the Director-General) and interest representatives since 1st December 2014. [www.asktheeu.org/en/request/meetings\\_between\\_dg\\_climate\\_acti](http://www.asktheeu.org/en/request/meetings_between_dg_climate_acti)
- <sup>15</sup> Meetings between 1st December 2014 and July 2015. The great majority of those were with the private sector.
- <sup>16</sup> Corporate Europe Observatory (2015), 'The Transparency Facade: pharma industry lobbying at the European Commission', available at <http://corporateeurope.org/power-lobbies/2015/10/transparency-facade-pharma-industry-lobbying-european-commission>
- <sup>17</sup> Enovos Luxembourg is wholly owned by Enovos International, which is owned 33 per cent by the Luxembourg state and city, while subsidiaries of E.ON, RWE Energy, GDF Suez and Ardian own more than 55 per cent of Enovos International between them. E.ON, RWE and GDF Suez are all significant EU lobbyists on climate and energy matters, and they all figure among the companies that have been meeting with Commissioner Cañete and his Cabinet to discuss issues in which they, and Enovos, have a huge commercial stake.
- <sup>18</sup> Statement of assurance from Head of Cabinet of Commissioner Arias Cañete of non-conflict of interest with a view to the appointment of Guy Lentz as a Special Adviser to the European Commission. Signed in Brussels, on 8 December 2014, by Cristina Lobillo Borrero.
- <sup>19</sup> VW entry in the EU Transparency Register, accessed in October 2015, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=6504541970-40>
- <sup>20</sup> Daimler entry in the EU Transparency Register, accessed in October 2015, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=2349218828-41>
- <sup>21</sup> Verband der deutschen Automobilindustrie entry in the EU Transparency Register, accessed in October 2015, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=95574664768-90>
- <sup>22</sup> ACEA entry in the EU Transparency Register, accessed in October 2015, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=0649790813-47>
- <sup>23</sup> BMW entry in the EU Transparency Register, accessed in October 2015, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=7193977808-18>
- <sup>24</sup> Suzanne Goldenberg and Arthur Neslen, 'Paris climate summit: missing global warming target would not be failure', 4 February 2015, *The Guardian*, available at [www.theguardian.com/environment/2015/feb/04/paris-climate-summit-missing-global-warming-target-would-not-be-failure](http://www.theguardian.com/environment/2015/feb/04/paris-climate-summit-missing-global-warming-target-would-not-be-failure)

- <sup>25</sup> See the Climate Action Tracker website <http://climateactiontracker.org/>
- <sup>26</sup> Georgi Gotev, 'EU anxious ahead of COP21 conference', 20 August 2015, Euractiv, available at [www.euractiv.com/sections/energy/eu-anxious-ahead-cop21-conference-316960](http://www.euractiv.com/sections/energy/eu-anxious-ahead-cop21-conference-316960)
- <sup>27</sup> CEO and Friends of the Earth Europe (2014), 'Ending the Affair Between Politicians and Polluters', available at [http://corporateeurope.org/sites/default/files/attachments/endingaffair\\_briefing\\_final.pdf](http://corporateeurope.org/sites/default/files/attachments/endingaffair_briefing_final.pdf)
- <sup>28</sup> European Commission, 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A policy framework for climate and energy in the period from 2020 to 2030', available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014DC0015>
- <sup>29</sup> 'The Agenda of Solutions or the Lima-Paris Action Plan', available at [www.cop21.gouv.fr/en/media-facilities/press-room/decryptage-lagenda-des-solutions-ou-le-plan-daction-lima-paris](http://www.cop21.gouv.fr/en/media-facilities/press-room/decryptage-lagenda-des-solutions-ou-le-plan-daction-lima-paris)
- <sup>30</sup> <https://twitter.com/MarosSefcovic/status/651774701073731584>
- <sup>31</sup> Sonja van Renssen, 'Paris climate summit: EU chooses transformation over decarbonisation', 21 September 2015, Energy Post, available at [www.energypost.eu/paris-climate-agreement-eu-chooses-transformation-decarbonisation/](http://www.energypost.eu/paris-climate-agreement-eu-chooses-transformation-decarbonisation/)
- <sup>32</sup> ActionAid (2015), 'Caught in the Net', available at [www.actionaid.org/sites/files/actionaid/caught\\_in\\_the\\_net\\_actionaid.pdf](http://www.actionaid.org/sites/files/actionaid/caught_in_the_net_actionaid.pdf)
- <sup>33</sup> IETA, 'IETA comment on Commissioner Arias Cañete's appointment', 10 September 2014, available at [www.ieta.org/index.php?option=com\\_content&view=article&id=924:ieta-comment-on-commissioner-arias-canete-s-appointment--september-10--2014&catid=24:position-papers&Itemid=91](http://www.ieta.org/index.php?option=com_content&view=article&id=924:ieta-comment-on-commissioner-arias-canete-s-appointment--september-10--2014&catid=24:position-papers&Itemid=91)
- <sup>34</sup> 'Sanctions' and 'punishment' barred from COP21 vocabulary', EurActiv.com and Reuters, available at [www.euractiv.com/sections/climate-environment/sanctions-and-punishment-barred-cop21-vocabulary-318407](http://www.euractiv.com/sections/climate-environment/sanctions-and-punishment-barred-cop21-vocabulary-318407)
- <sup>35</sup> 'Scrap the ETS' declaration, available at <http://scrap-the-euets.makenoise.org/KV/declaration-scrap-ets-english/>
- <sup>36</sup> Fern et al (2013), 'EU ETS myth busting: Why it can't be reformed and shouldn't be replicated', available at <http://corporateeurope.org/climate-and-energy/2013/04/eu-ets-myth-busting-why-it-can-t-be-reformed-and-shouldn-t-be-replicated>
- <sup>37</sup> Corporate Europe Observatory (2014), 'Life Beyond Emissions Trading', available at <http://corporateeurope.org/climate-and-energy/2014/01/life-beyond-emissions-trading>
- <sup>38</sup> Keynote speech by Commissioner Arias Cañete, 'A modern Energy Union for competitive, secure and sustainable energy for the European Industry', 21 April 2015 at the Euro Economic Congress, Katowice, Poland, available at [http://europa.eu/rapid/press-release\\_SPEECH-15-4825\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-15-4825_en.htm)
- <sup>39</sup> 'Enhancing cost-effective emission reductions and low carbon investments', available at <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2015:337:REV1>
- <sup>40</sup> European Commission, 'Questions and Answers on the Commission's proposal to revise the EU Emissions Trading System', available at [http://europa.eu/rapid/press-release\\_MEMO-08-35\\_en.htm](http://europa.eu/rapid/press-release_MEMO-08-35_en.htm)
- <sup>41</sup> European Council, European Council (23 and 24 October 2014) Conclusions, available at [www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/145397.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/145397.pdf)
- <sup>42</sup> European Commission, Answers to the European Parliament Questionnaire to the Commissioner Designate Miguel Arias Cañete, Climate Action and Energy, available at [http://ec.europa.eu/commission/sites/cwt/files/commissioner\\_ep\\_hearings/arias-canete-reply\\_en.pdf](http://ec.europa.eu/commission/sites/cwt/files/commissioner_ep_hearings/arias-canete-reply_en.pdf)
- <sup>43</sup> Document obtained by CEO through freedom of information rules, doc Ref Ares (2014)4070790
- <sup>44</sup> Ibid. Corporate Europe Observatory (2014), 'Life Beyond Emissions Trading'.
- <sup>45</sup> Communication from the President to the Commission – The Working Methods of the European Commission 2014-2019, available at <http://ec.europa.eu/transparency/regdoc/rep/3/2014/EN/3-2014-9004-EN-F1-1.Pdf>
- <sup>46</sup> Article 5.3 of the WHO global tobacco treaty, the Framework Convention on Tobacco Control (FCTC), available at <http://apps.who.int/iris/bitstream/10665/42811/1/9241591013.pdf>
- <sup>47</sup> Meetings of Commissioner Miguel Arias Cañete with organisations and self-employed individuals, available at <http://ec.europa.eu/transparencyinitiative/meetings/meeting.do?host=523060f7-97c6-480b-8bb9-30bb409e650e> ; Meetings of Cabinet members of Commissioner Miguel Arias Cañete with organisations and self-employed individuals, available at <http://ec.europa.eu/transparencyinitiative/meetings/meeting.do?host=9778d998-6aed-40e3-a1d6-614db81c7918> ; Meetings of Vice-President Maroš Šefčovič with organisations and self-employed individuals, available at <http://ec.europa.eu/transparencyinitiative/meetings/meeting.do?host=a7c58a45-8006-46df-9f12-b80ff5b34a1f> ; Meetings of Cabinet members of Vice-President Maroš Šefčovič with organisations and self-employed individuals, available at <http://ec.europa.eu/transparencyinitiative/meetings/meeting.do?host=dea9b479-804b-4eb7-92cd-f0ebc6a445d1>
- <sup>48</sup> EU Transparency Register, <http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en#en>



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