



Public funds used to lobby for fossil fuel in Copenhagen

European tax payers foot the bill for promoting global expansion of fossil fuel

December 2009

The Zero Emissions Platform (ZEP) – an EU-based fossil fuel industry group funded, in part, by the European tax payer – is one of the many groups attending the UN climate talks in Copenhagen. During the Summit, it will hold an event at the Danish National Museum on “the vital role Carbon Capture and Storage (CCS) must play in any final agreement on climate change”¹.

This event will be the culmination of a major lobbying campaign by the ZEP corporations, involved mainly in coal production and processing, to have carbon capture and storage technology included in the clean development mechanism - the mechanism established under the Kyoto Protocol which enables carbon polluters in the developed world to offset their pollution in developing countries.

Including CCS in the CDM would channel millions of euros in CDM credits to European manufacturing giants, fossil fuel producers and utility companies building CCS plants in the developing world. However, at present CCS is a risky, unproven and expensive technology. It is unlikely to yield any measurable benefit for the climate and is being used by fossil fuel companies as an alibi for the continued use of dirty coal or tar sand oil.

What is the ZEP?

The European Technology Platform for Zero Emission Fossil Fuel Power Plants (ZEP) was founded in 2005 as an advisory body to the European Commission on public research policies. Its mission was to help the European Union to “define research priorities” and “focus research funding on areas with a high degree of industrial

¹ ZEP Events, CCS & the Climate Change Challenge
<http://www.zeroemissionsplatform.eu/events/details/38-ccs-climate-change-challenge.html>

relevance"². ZEP receives half of its funding from the European Commission's research budget³.

From the beginning, ZEP was dominated by corporations with big interests in the fossil fuel industry and in CCS technology in particular. It is run by a Council with representatives from 23 companies, seven research institutes and three NGOs⁴.

The most involved companies are Vattenfall, Alstom, BP, Shell, Siemens, RWE, EoN, Enel, Endesa and Statoil.

ZEP has used its platform to persuade the Commission to give more research money (from the Framework Programmes) to CCS projects which are being developed by its member companies⁵.

Despite its official status, over the last two years ZEP has acted as a lobbying organisation, advising Members of the European Parliament on how to structure the EU Emissions Trading Scheme (ETS)⁶, and advising the EU on how to fund the recovery from the financial crisis⁷. It is also engaged in the UN process.

What does ZEP want from Copenhagen?

ZEP wants Ministers at COP15 to recognise carbon capture and storage "as a key tool for reducing emissions under international offset mechanisms, such as the clean development mechanism (CDM)"⁸. This despite the fact that there is not a single commercial scale coal-fired power plant as yet able to capture and store its emissions.

² According to the European Commission's Directorate-General on Research the mission of Technology Platforms is to "provide a framework for stakeholders, led by industry, to define research and development priorities" and ensure "an adequate focus of research funding on areas with a high degree of industrial relevance" - <http://cordis.europa.eu/technology-platforms/>

³ WORK PROGRAMME 2009, COOPERATION, THEME 5, ENERGY, p. 20 -

ftp://ftp.cordis.europa.eu/pub/fp7/docs/wp/cooperation/energy/e_wp_200903_en.pdf

⁴ See appendix

⁵ Under FP6 (2002 - 2006), the "CCS" action disposed of allocations of €15-20m on annualized basis. Among the most important projects were AZEP (Alstom, 9.3 m), ENCAP (Vattenfall, 10.7 m), SACS CO2 (Statoil, Total, BP, Vattenfall) Castor and CO2SINK. http://ec.europa.eu/research/energy/pdf/co2capt_en.pdf

p. 5

⁶ <http://ccswire.blogactiv.eu/files/2008/09/zep-letter-to-envi-members.pdf>

⁷ <http://www.endseurope.com/22281>

⁸ <http://www.zeroemissionsplatform.eu/timeline.html>

Copenhagen. The ZEP's strategy is 'to team up with other platforms such as hydrogen, cement, steel and biofuels' to strengthen their case for additional finance¹⁸.

In Copenhagen, ZEP is joined by the Carbon Capture and Storage Association (CCSA). Twelve core companies are members of both ZEP and CCS: BP, Doosan, EoN, EDF, General Electric, RWE, Schlumberger, Shell, Statoil, Total and Siemens. Their lobbyists will fill the corridors of the Bella Center in Copenhagen, as part of the BINGO (Business and Industry NGOs) delegations¹⁹ or in some cases as part of university²⁰ and government delegations.

ZEP's success story in the EU

It is no small coincidence that coal – the dirtiest fossil fuel– is on track to receive the most public funding in the EU's supposed fight against climate change. Using CCS as the justification, industries engaged in coal production will receive money from four different EU sources ((recovery plan, ETS, FP7 and structural funds).

The European Commission recently proposed that €13 billion would be needed for the deployment of CCS over the next 10 years²¹ - more than the €12 billion that ZEP estimated would be needed for the construction of 12 demonstration plants by 2020²². The first draft of the European Strategic Energy Technology Plan (SET-Plan), the EU's investment plan for low carbon, included cost ranges from €10.5 to €16.5 bn for CCS²³

Through lobbying ZEP has already secured public funding for CCS from the following funding schemes:

¹⁸ ZEP Draft Minutes of The 18th MEETING OF THE ADVISORY COUNCIL, Brussels, 10 March 2009, p.5 http://www.zeroemissionsplatform.eu/index.php?option=com_downloads&id=309

¹⁹ UNFCCC Parties and Observers: http://unfccc.int/parties_and_observers/items/2704.php ZEP and CCSA member companies executives are expected to be part of the delegations of BINGOs such as: Business Council of Australia, Business Council for Sustainable Energy, BusinessEurope, Confederation of Danish Industries, E8, Eurelectric, Federation of German Industries (BDI), IETA, International Petroleum Industry Environmental Conservation Association, International Chamber of Commerce (ICC), World Business Council for Sustainable Development and more, as they did in COP14 in Poznan <http://unfccc.int/resource/docs/2008/cop14/eng/inf01p02.pdf>

²⁰ Eight out of fifteen members of the University of Regina delegation in Poznan came from Shell.

²¹ [http://ec.europa.eu/energy/technology/set_plan/doc/2009_comm_investing_development_low_carbon technologies_en.pdf](http://ec.europa.eu/energy/technology/set_plan/doc/2009_comm_investing_development_low_carbon_technologies_en.pdf), p. 7

²² <http://www.pointcarbon.com/news/1.1005104>

²³ [http://ec.europa.eu/energy/technology/set_plan/doc/2009_comm_investing_development_low_carbon technologies_roadmap.pdf](http://ec.europa.eu/energy/technology/set_plan/doc/2009_comm_investing_development_low_carbon_technologies_roadmap.pdf), P. 9

- The EU Recovery Plan from the financial crisis (€1 bn)²⁴
- The New Entrants Reserve (NER) under the EU Emissions Trading Scheme (auctioning revenues from 150 to 300 million emission allowances which equals €1.8 - 3.7 bn at current carbon prices, but the EU Commission calculates these could be worth €6 billion^{25,26} .
- The Seventh Framework Programme (€425 m)²⁷ .

This means that the CCS lobby could obtain as much as half of the funds needed to finance CCS from EU money. The next critical point is the decision the EU is expected to make in 2010 on the exact allocation of the SET Plan money²⁸. Funds will also flow through the Member States and the EU Structural Funds.

Eight of the companies involved in ZEP have received EU research money (Fifth and/or Sixth Framework Programme) - Alstom, RWE, Siemens, Statoil, Vattenfall, Shell, BP, Air Liquide²⁹, Total³⁰.

Vattenfall and Alstom run the EU's first CCS demonstration plant at Schwarze Pumpe, which was launched in September 2008 with German and EU research funding.

Statoil owns the most advanced experimental storage sites in Sleipner, Snøhvit, Mongstad and Heldrun/Draugen (with Shell)³¹ and hopes to get EU funding for one of them.

²⁴ http://www.europarl.europa.eu/news/expert/infopress_page/034-55118-124-05-19-905-20090505IPR55117-04-05-2009-2009-false/default_en.htm

²⁵ 'Up to 300 million allowances in the new entrants' reserve shall be available until 31 December 2015 to help stimulate the construction and operation of up to 12 commercial demonstration projects that aim at the environmentally safe capture and geological storage (CCS) of CO₂ as well as demonstration projects of innovative renewable energy technologies, in the territory of the Union.' 2003L0087 —EN —25.06.2009 — 004.001— page 18, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2003L0087:20090625:EN:PDF>

²⁶ <http://www.euractiv.com/en/energy/eu-clears-extra-funds-carbon-storage-offshore-wind/article-188185>

²⁷ CCS FP7 projects: http://cordis.europa.eu/fp7/energy/open-topics_en.html#carbon-capture-storage , Check also the projects in ZEP's website: <http://www.zeroemissionsplatform.eu/projects.html>

²⁸ COM(2009) 519 final - http://ec.europa.eu/energy/technology/set_plan/doc/2009_comm_investing_development_low_carbon_technologies_en.pdf

²⁹ http://ec.europa.eu/research/energy/pdf/co2capt_en.pdf

³⁰ http://unfccc.int/files/meetings/sb24/in-session/application/pdf/sbsta-24_ccs_workshop_experiencesleipneretc_20may06-tatorp.pdf

³¹ http://unfccc.int/files/meetings/sb24/in-session/application/pdf/sbsta-24_ccs_workshop_experiencesleipneretc_20may06-tatorp.pdf , [http://www.dynamis-hypogen.com/publications/Meeting_20060905/12_Shell-Statoil_TBO-Heidrun-Draugen_\(Berger\).pdf](http://www.dynamis-hypogen.com/publications/Meeting_20060905/12_Shell-Statoil_TBO-Heidrun-Draugen_(Berger).pdf)

Using CCS financing as an alibi, Member States have also been given the chance to provide subsidies for their coal industries, originally to have been phased out in 2010³². Spain has already announced plans to subsidise coal after this deadline³³ and the Commission has exempted a CCS project to be funded by the British government³⁴.

Lobbying on all fronts has managed to secure these financial commitments, but lobbying will continue to ensure more public funds.

Denying funding for renewables?

Some of the funds being used for CCS funding are also intended to fund renewable energy projects. The exact division of funding from the EU's New Entrants Reserve Funds between CCS and innovative renewable technologies is still to be decided - a decision which will be taken through the opaque EU 'Comitology' process involving ministries and the European Commission under the eyes of the ZEP lobbyists³⁵. Money from the Strategic Energy Technology Plan will not be allocated until 2010.

In sharp contrast with the rhetoric of the EU on the decisive steps taken to move to a "low-carbon economy", the process of releasing funds for the fossil fuel industry (through CCS) seems to have been processed far more quickly than investment in renewable sources or energy efficiency.

ZEP's funding arrangements

ZEP has achieved these successes on the back of public funding via the EU. It received €500,000 funding from the European Commission for the 30-month period from 2009-2011³⁶. This covers 50% of its basic costs with the rest (€521,214) covered by industry members.

³² http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=302R1407

³³ <http://www.expansion.com/2009/10/11/empresas/energia/1255286793.html> .

³⁴ <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/555>

³⁵ EU Commission Draft Decision ("Draft") dated 15 September 2009, Application of the NER 300, Preliminary Response of ZEP (18 September 2009) -

<http://www.zeroemissionsplatform.eu/information/publication/62-european-commission-ccs.html>

³⁶ ftp://ftp.cordis.europa.eu/pub/fp7/docs/wp/cooperation/energy/e_wp_200903_en.pdf, p. 22

There are three categories of industrial membership (utilities, equipment manufacturers, oil&gas). EU trade associations pay the share of the two first categories, whereas the oil and gas membership is shared between five companies.

ZEP's funding 2009 - 2010	
European Commission	500,000
RWE, Vattenfall, EDF, EoN etc. (Via Eurelectric & VGB, the utilities trade associations) ³⁷	173,738
Alstom, Siemens, Ansaldo, General Electric, Doosan, AE&E Austria (through EPPSA and EU Turbines) ³⁸	173,738
Shell	34,748
BP	34,748
Total	34,748
Schlumberger	34,748
StatoilHydro	34,748
Total	1,021,214

According to ZEP's secretariat the funding situation was the same from 2006 – 2008.

Pulling the wool over the EU's eyes?

ZEP itself admits CCS will not be commercially viable before 2020³⁹, so it will not be able to contribute to any emission reductions by then. This means the EU is funding a technology which cannot contribute to its major priority of a 20% emissions reduction by 2020, let alone the proposed 30% reduction target⁴⁰.

Other assessments are even less optimistic about the likely impact of CCS technology, even if it is made to work. Analysis by NOAH found that CCS technology was only likely to reduce overall emissions from coal-fired power by around 70%⁴¹.

If negotiators at the UN climate talks choose to back the fossil fuel industry's and the EU's enthusiasm for as yet unproven clean coal technology, precious resources for the

³⁷ <http://www2.eurelectric.org/content/default.asp?PageID=905>

³⁸ EU Turbines: <http://www.euturbines.eu/>, EPPSA membership: <http://www.eppsa.org/members/>,

³⁹ <http://www.zeroemissionsplatform.eu/about.html>

⁴⁰ Projections made for the Impact Assessment of the Commission's proposal for the directive show that, with CCS enabled under the ETS and assuming a 20% GHG reduction by 2020 and further significant progress towards our mid-century objective by 2030, 7 million tonnes of CO₂ could be captured in 2020, rising to around 160 Mt in 2030." 7 mill. tonnes in 2020 correspond to less than 0.2% of EU27 emissions in 2005 whereas 160 mill. tonnes in 2030 correspond to some 4% of 2005 emissions - <http://ccs-info.org/timing.html>

⁴¹ <http://ccs-info.org/klima.html>

funding of real solutions as renewable energy sources, energy efficiency and reforestation will be put on the back burner, while the coffers of the fossil fuel companies historically responsible for climate change will be full of public money.

The outcome could be disastrous for the climate.

Appendix:**Advisory Council**

Name	Surname	Organisation
Eloy	Alvarez	Union Fenosa
Olivier	Appert	Institut français du pétrole
Pietro	Barbucci	ENEL generation & Energy Management Division
Niels Peter	Christensen	Vattenfall
Martin	Cmiral	CEZ
Carmencita	Constantin	ISPE (Institute for Studies and Power Engineering)
Ricardo	Cordoba	GE Energy
Luc	De Marliave	TOTAL
Józef	Dubinski	Central mining Institute
John Michael	Farley	Doosan Babcock Energy Ltd
Bernhard	Fischer	E.ON. Energie A.G.
Roberto	Garosi	ANSALDO ENERGIA S.p.A.
Georg	Gasteiger	Austrian Energy & Environment AG
François	Giger	EDF/DPIT
David	Gye	
Reinhardt	Hassa	Vattenfall Europe Generation
Frederic	Hauge	The Bellona Foundation
Martha	Heitzmann	Air Liquide
Gardiner	Hill	BP plc.
Emmanuel	Kakaras	Institute for Solid Fuels Technology & Applications (CERTH/ISFTA)
Alfons	Kather	Hamburg University of Technology
Sanjeev	Kumar	WWF European Policy Office (EPO)
Johannes	Lambertz	RWE Power AG
Harry	Lampenius	Foster Wheeler Power Group Europe, EPPSA
Ruud	Lubbers	Rotterdam Climate initiative
John	Ludden	British Geological Survey
Nick	Mabey	E3G
Jorge	Martinez Jubitero	Endesa
Nils	Røkke	NTNU-SINTEF
Charles	Soothill	ALSTOM Power Ltd
Michael PG	Suess	Siemens AG
Trude	Sundset	StatoilHydro
Graeme	Sweeney	Shell International Petroleum Company Limited , Future Fuels & CO2
Kazimierz	Szynol	PKE S.A.

Advisory Council		
Name	Surname	Organisation
Antonio	Valero Capilla	Fundación CIRCE, Univ. of Zaragoza
David	White	Schlumberger Water & Carbon Services
Tomasz	Zadroga	PGE