

## **A strong and resilient Energy Union cannot accommodate a new Nord Stream**

The European energy system is changing. It is moving away from a rigid, centrally planned, supply-driven system controlled by vertically integrated oligopolies towards a decentralised configuration with empowered energy citizens at its core, mastering their own energy generation from renewable sources.

We welcome this change as the new energy system is much more energy- and resource-efficient; its deployment going hand in hand with the reduction of the overall European energy consumption. Both electricity and gas demand have been decreasing over the past few years, notably as the result of an ambitious energy efficiency policy we advocated for: eco-design requirements of products, labelling for appliances and white goods, energy saving obligations, new buildings minimum requirements, deep thermal renovation of existing building fleet, massive efficiency gains in the industrial sector. Even with the perspective that gas could replace part of the current coal capacity, gas-fired power plants would display so few running hours that very little gas volume would be at stake. Hence European gas consumption is on the way down and will not exceed 350 to 380 bcm/year by 2020. In other words, European gas consumption has peaked and Europe does not need more gas for its future.

The current Nord Stream pipeline, which entered into service in 2011, shows a capacity of some 55 bcm/year. Even this capacity is not fully used at the moment. The project to double the pipeline connecting directly Russia and Germany under the Baltic Sea would not be in line with the advent of the new energy system.

Replacing coal with natural gas can play a role in tackling climate change under certain conditions in the short term. However, investing heavily in fossil fuel infrastructure runs the risk of locking us in a high-carbon system for decades to come. The EU needs to cut its emissions by 50% or more by 2030 and reach a virtually zero emission energy system by 2050. This would leave precious little space for natural gas, let alone increasing its use. The new pipeline could turn into a stranded asset, being forced to retire before the end of its economic lifetime.

In addition, the European Union launched in February 2015 a new initiative called the Energy Union, based on “solidarity and trust” to make the EU more resilient to energy crisis. We strongly support these principles, which meet our values. A means to fulfil the objective to build a more resilient Energy Union is to diversify our energy suppliers and delivery routes. The Nord Stream 2 project is an extremely divisive project. It breaches both principles of solidarity and trust and reinforces European dependence on a single gas supplier. It will threaten security of gas supply and energy security in Central and South-Eastern Europe, reducing the liquidity of the market in this region. Gas delivery from Western Europe or through Italy would not be able to compensate the end of gas supply that transits through Ukraine, due to the sub-optimal geographical deployment of the existing pipeline capacity. We are convinced that the completion of this Gazprom-led project would lead to enhance Russia’s capacity to leverage energy dependence for political influence.

Moreover, Nord Stream 2 would critically undermine the status of Ukraine as a gas transit country, resulting in dramatic socioeconomic consequences for a country we support and want to partner with. Side-lining Ukraine in a moment when geopolitical developments in the eastern part of the country and a short time after Crimea was unilaterally taken away from its territory is a major risk for the stability of the country. It will also trigger a massive loss for Ukrainian economy and cut down income for the State budget, transit fee being estimated up to 2 billion euros annually. Nord Stream 2 frontally opposes all efforts from the international community attempting to modernise the Ukrainian energy system in line

with the Minsk Agreement.

Doubling Nord Stream is not a commercial project but a political project causing negative consequences on the internal energy market, on security of supply and on neighbourhood policy. Therefore, we call on the immediate and unconditional cancellation of the Nord Stream 2 project as the only option to safeguard the Energy Union, to preserve the European internal gas market and to stick to our commitments towards Ukraine.

We call all relevant actors to mobilise forces against this project:

- We call on Member States such as Germany, France and the Netherlands, currently backing project promoters, to withdraw their support to Nord Stream 2.
- We call on the European Commission and the European Council to use all legal and political means available to prevent the completion of Nord Stream 2.
- We call for and support all Green action against Nord Stream 2 within local and regional parliaments, national parliaments, and the European Parliament.