



QUANTITATIVE EASING AND CLIMATE 2:

Fueling the fossil gas frenzy

MEMO

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Quantitative easing and climate 2: Fueling the fossil gas frenzy

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Responding to the Covid-19 crisis, the European Central Bank (ECB) plans on buying €1470 billion worth of assets in 2020-2021, i.e. more than 50% of its holdings on June 1st 2020¹.

This historical intervention currently supports polluters. The report Quantitative easing and climate: The ECB's dirty secret, published in May 2020, revealed 38 fossil fuel companies – including 10 coal companies – benefited from the ECB's asset purchases² ("quantitative easing").

Under pressure, the ECB admitted³ that it should reexamine its asset purchases to integrate environmental and ethical criteria. However, it continues to avoid action by postponing it to its "strategy review". This process will not end before mid-2021 and is likely to be further delayed by the current crisis⁴. Thus, it will not have any effect before 2022.

By then, it will be much too late. Additional research shows **fossil fuel companies supported by the ECB play an important role in the growing⁵ fossil-gas sector and plan a high number of new gas infrastructures.** By supporting them, the ECB significantly contributes to fossil-gas expansion, thus jeopardizing climate objectives.

The ECB policy favors the dangerous narrative that pushes gas as an alternative to other fossil fuels, even though:

- **All fossil fuels must be phased out by 2050** to have a chance to reach the objectives of the Paris Agreement. The consumption of fossil reserves currently under exploitation exceeds a 2°C carbon budget⁶, and half of gas reserves should remain unused from 2010 to 2050 to meet this target⁷.
- **Natural gas is not – by far – a "low-carbon energy"**. Its combustion emits, on average, 320 kilograms of CO₂ per barrel of oil equivalent (kg CO₂/boe), about 59% of coal, 79% of crude oil and 89% of liquified petroleum emissions. An additional 100 kg CO₂e/boe are emitted during its production⁸. Furthermore, liquified natural gas (LNG) requires an energy-intensive process. Life-cycle LNG emissions amount to 134% of combustion emissions⁹.
- **Gas exploitation causes numerous methane spills.** Methane global warming potential is eighty times higher than carbon dioxide in the first twenty years¹⁰ and its concentration dramatically increased over the past few years¹¹.
- **Gas energy is more expensive than wind or solar energy.** By 2025, wind energy will be 46% cheaper and solar energy 49% cheaper than gas¹².

The ECB is feeding the gas frenzy, in Europe and abroad

24 companies¹³ benefiting from the ECB's asset purchases are fueling the natural gas frenzy¹⁴:

- In Europe, they are operating 123 gas power plants and extracting gas from 48 sites. They plan on opening 8 more power plants and 2 sites.
- Worldwide, they are operating 96 gas pipelines and 97 LNG terminals. They plan on opening 11 gas pipelines and 41 LNG terminals.

European gas infrastructures operated, under construction or proposed by companies supported by the ECB

	Gas infrastructures in operation	New gas projects
Gas power plants	123	8
Gas extraction sites	48	2

Worldwide gas infrastructures under construction or proposed by companies supported by the ECB

	Gas infrastructures in operation	New gas projects
Gas pipelines	96	11
LNG terminals	97	41

The ECB supports major fossil gas developers

With its quantitative easing, the ECB supports 11 companies that plan on developing 62¹⁵ new fossil gas projects¹⁶.

Among the 11 companies, 4 are involved in 45 gas projects: Total, Shell, Engie and Enel. 35 of these projects will contribute to the fast growing, highly polluting and economically problematic LNG development¹⁷.

Fossil gas developers supported by the ECB

Company	New gas projects
Total	23
Shell	13
Engie	5
Enel	5
Eni	4
Enagas	4
EDF	3
Snam	3
E.ON	2
OMV	2
Repsol	1

Four biggest gas developers supported by the ECB

Company	LNG terminals	Gas pipelines	European extraction zones	European gas power plants
Total	23	0	0	0
Shell	7	5	1	0
Engie	4	1	0	0
Enel	1	0	0	4

CONCLUSION

The ECB must stop contributing to climate chaos

By refusing to stop purchasing fossil fuel assets, the European Central Bank (ECB) feeds fossil-gas expansion and contributes to the lobbyists¹⁸, “bridge fuel¹⁹” gas rhetoric. Despite the need to progressively phase out all fossil fuels, its purchases support companies that heavily invest in fossil fuel infrastructures and plan on expanding natural gas production.

Furthermore, many projects planned by these companies - like Total's Mozambique LNG projects²⁰ - pose significant human rights threats²¹.

The ECB must immediately exclude corporations whose practices are incompatible with the Paris Agreement from its asset purchases, starting with companies that develop new fossil fuel projects²².

METHODOLOGY

This note matches the list of fossil fuel companies previously identified in Reclaim Finance's report entitled [Quantitative easing and climate: The ECB's dirty secret](#) with data from the [Global Fossil Infrastructure Tracker](#) and the [Europe Gas Tracker](#) available at the end of July 2020.

The note distinguishes between fossil gas infrastructures that are already being operated and new projects, whether under construction or proposed.

When several actors are involved in an infrastructure or a project, the infrastructure or project is counted in the individual data of each company involved but counted one time in the aggregated data.

The Global Fossil Infrastructure Tracker is a tool published by the Global Energy Monitor and the Global Oil and Gas Network that lists oil and gas pipelines, and LNG terminals being developed, currently in service or frozen. The methodology is available at <http://ggon.org/fossil-tracker/methodology/>.

The Europe Gas tracker is a tool published by the Global Energy Monitor that lists European gas infrastructures being developed, currently in service or frozen. The methodology is available at <https://globalenergymonitor.org/tracker/>.

REFERENCES

1. The ECB first decided to purchase 120 billion in assets, before creating a dedicated program (Pandemic Emergency Purchase Program - PEPP) allowing it - through two decisions - to purchase 1350 billion euros in assets in 2020-2021. Considering asset purchases already planned, the ECB plans on buying 1700 billion in assets in 2020-2021.
2. Reclaim Finance, [Quantitative easing and climate: The ECB's dirty secret](#), May 2020.
3. See Christine Lagarde's interview in the [Financial Times](#) and on [French television](#). The ECB recently updated its [Q&A page](#) on CSPP, it now indicates that: "the ECB shares the view that an awareness of environmental issues, together with ethical and socially responsible behaviour, are important for society and actively supports several initiatives in this context beyond the purchase of green bonds under the CSPP."
4. The ECB already decided that the public consultation initially scheduled to close at the end of August will stay open till the end of October.
5. See IEA's [Key World Energy Statistics 2020](#) and IEA's [Natural Gas Statistics](#).
6. See: [The Production Gap](#) Report 2019 ; Kelly Trout, "[The Sky's Limit and the IPCC Report on 1.5 Degrees of Warming](#)", Oil Change International, October 2018.
7. Christophe McGlade and Paul Ekins, "[The geographical distribution of fossil fuels unused when limiting global warming to 2 °C](#)", Nature, January 2015.
8. ODI, [FAQ 3 oil, gas and poverty climate and human rights](#), March 2020.
9. Paul Balcombe, [Methane emissions from the natural gas supply chain](#), 2016.
10. François-Marie Bréon et al., [Anthropogenic and Natural Radiative Forcing](#), IPCC, 2013
11. RB. Jackson and al., "[Increasing anthropogenic methane emissions arise equally from agricultural and fossil fuel sources](#)", IOP, June 2020.
12. Carbon Brief, "[Wind and solar are 30-50% cheaper than thought](#)", August 27th 2020.
13. Engie, Enagás, EnBW, EDF, Enel, EDP, Eni, EVN AG, N.V.Nederlandse Gasunie, OMV Aktiengesellschaft, Repsol, Shell, Snam, Total, E.On, Redexis, Vier Gas, A2A, Cepsa, Energie AG Oberösterreich, ERG, Hera, Iren, Zapadoslensvenska energetika.
14. According to the International Energy Agency, almost a quarter of the world's electricity is now generated by burning gas. In 2018, gas-fired generation grew by 4%. The switch from coal to gas, primarily in China and the United States, accounted for a fifth of this increase in gas demand. Europe is also developing gas: European projects of Common Interest included gas projects, EU leaders and the IEA advocate for new gas in the European energy mix, Germany plans to replace its coal by gas power-plants, natural gas may be included in the EU sustainable taxonomy... In Europe, 160 gas projects have been proposed and 32 are already under construction, according to data from the [Europe Gas Tracker](#) on August 21st 2020. See Global Energy Monitor's [Gas at a crossroad](#) and [Gas Bubble](#) reports for further details on gas expansion.
15. A few projects involve several companies supported by the ECB. In these cases, the infrastructure or project is counted in the individual data of each company involved but counted one time only in the total number of projects.
16. Apart from mentioned gas infrastructures, companies benefiting from the ECB's asset purchases also contribute to oil development, with 76 oil pipelines operated and 5 new projects. Three companies plan on developing new oil pipelines: Total (3), Shell (1) and Eni (1).
17. Global Energy Monitor, [Gas Bubble: Tracking Global LNG Infrastructures](#), 2020.
18. Reclaim Finance, [Behind the Curtain: When the gas and nuclear lobbies reshape the EU Sustainable Taxonomy](#), August 2020.
19. For detailed information about why natural gas cannot be considered a "bridge" fuel or a "transition energy", see ODI's [FAQs](#) and OCI's report [Burning the Gas 'Bridge Fuel' Myth: Why Gas Is Not Clean, Cheap, or Necessary](#).
20. Les Amis de la Terre France, [De l'eldorado gazier au chaos](#), June 2020.
21. 350.org, [Human Rights Abuses By Fossil Fuel Companies](#), February 2020.
22. For detailed propositions, see the conclusion of Reclaim Finance's [Quantitative easing and climate: The ECB's dirty secret](#) report.

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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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