



Engie: The Coal Rush

The case of the Ada Yumurtalik Coal Power Plant in Turkey

A few weeks before the Paris Climate Summit (COP21), two French state-owned companies and Paris Climate Summit sponsors – EDF and Engie (former GDF-Suez) – are planning to increase their polluting activities outside France.

As shown in a **recent report** by Oxfam France and Friends of the Earth France, both companies together already own 46 dirty coal power plants worldwide, which have tremendous social, environmental and climate impacts¹. Despite being partly owned by the French state that will be chairing the Paris Climate Summit, these companies do not intend to reduce their coal activities. They are even planning to increase them.

In particular, Engie wants to open new coal power plants in various countries. Among them, is the Ada Yumurtalik coal power project in Turkey (1320 megawatts), which is fiercely opposed by Turkish civil society because of the potential negative impacts of this project on people's livelihoods, the local environment and on climate change.

KEY ELEMENTS

- EDF owns 16 coal power plants worldwide, which are mainly in Europe and China. It is one of the official Paris Climate Summit sponsors. It has not committed to end new coal investments abroad.
- Engie (ex GDF-Suez) owns 30 coal power plants worldwide. It is also one of the Paris Climate Summit sponsors. Yet the company will increase global pollution by investing in new coal power plants abroad, including in Turkey (such as the Ada Yumurtalik project).
- The French presidency of the Paris Climate Summit clearly shares responsibility for this climate pollution, since the French state is a major shareholder in both companies. It holds 84% of EDF's shares, and 33% of Engie's.
- Turkey may experience a coal revival, with approximately 75 new coal power plants to be built in the coming years. Coal is the most polluting form of energy, responsible for the largest share of CO2 emissions globally.
- Engie's Ada Yumurtalik coal project in Turkey would affect the health and livelihoods of half a million people, in a region with very diverse marine and terrestrial ecosystems.
- Engie's planned coal investments in Turkey go against the necessary global transition from dirty fossil fuels to 100% renewable energy for all. They will contribute to locking in a high-carbon development pathway in Turkey.
- French and Turkish civil society organisations ask Engie and EDF to abandon any new coal power plant project – including the Ada Yumurtalik project in Turkey – and to announce a coal-phase out plan by the Paris Climate Summit in December.

¹ Report in French: "Emissions d'Etat", Friends of the Earth France, Oxfam France, May 2015: <http://www.amisdelaterre.org/Emissions-d-Etat-stop-a-l.html>

TWO STATE-OWNED COMPANIES THAT POLLUTE OUR AIR AND DAMAGE OUR CLIMATE



Coal is one of the dirtiest forms of energy. As a fossil fuel, it holds the largest responsibility in terms of CO₂ emissions and therefore climate change, as clearly identified by scientists. Coal also has terrible impacts on people's health, environment, livelihoods and working conditions.

EDF and Engie: 46 existing coal power plants around the world, and more to come?

Together, EDF and Engie own 46 coal power plants around the world, which emit over 151 million tons of CO₂ every year – nearly half of France's energy sector emissions.

EDF owns 16 coal power plants, which are mainly in Europe (11) and China (5). They emit 69 million tons of CO₂ every year – more than the energy sectors of entire countries like Austria or Colombia. To our knowledge, EDF does not plan to build new coal power plants in the near future. But despite this, the French energy giant is still reluctant to commit to stop any future investments in new coal power plants globally. EDF is currently preparing a medium-term business plan (2015-2018), due in January 2016. It is not too late for EDF to commit to divest from new coal power plant projects. If EDF's plan does not contain such a commitment, it would be an alarming signal for civil society.

Engie owns 30 coal power plants on all continents. Together, they emit over 81 million tons of CO₂ every year – almost the level of emissions of the energy sector in the Philippines.

French responsibility

What is striking is that both EDF and Engie are partly owned by the French State. France, which is hosting Paris Climate Summit, owns 84% of EDF's shares, and 33% of Engie's. This means that France is far from being exemplary ahead of Paris Climate Summit. **If the French government really wants to send a positive signal ahead of the Paris Climate Summit, it should use its leverage and influence in these two companies to call for a phase out of their coal investments.**

New threats

Not only have EDF and Engie shown no intention of phasing out their coal investments, but Engie is also about to build more coal power plants. The company plans to open the Ada Yumurtalik coal power plant in Turkey (1320 MW), the Ulaanbaatar coal power plant in Mongolia (415 MW), and the Pampa Sul coal power plant in Brazil (340 MW). It also plans to extend the Mejillones coal power plant in Chile (315 MW).

THE ADA YUMURTALIK COAL POWER PLANT IN TURKEY, A NEW CLIMATE BOMB

Located at Iskenderun Bay, in the south of Turkey, the Ada Yumurtalik coal power plant project will have a capacity of 1320 MW. The project belongs to Engie's subsidiary in Turkey: Suez Enerji

Uretim S.A. The French utility owns 90% of this company's shares – for a total value of around 583 million euros. The Turkish company, Mimag Sanko, who is a local partner, is also involved in the project.

Turkey's "coal revival": 75 new coal power plants by 2023?

Engie wants to use the Turkish government's plans to increase coal-fired power generation in the country on a massive scale. There are already 21 coal power plants in Turkey. By 2023, **no less than 75 new coal power plants could open**. If they do, Turkey's CO₂ emissions could reach 200 million tonnes per year – compared to 21.5 million tonnes in 1990 and 68,7 million tons in 2012². These power plants remain in operation for 40 years or more.

This coal revival is also clear in Turkey's climate commitment for the Paris Conference. The government wants to allow a doubling of Turkey's greenhouse gas emissions between 2012 and 2030. This is totally inconsistent with what scientists say we need to do in order to maintain global warming below the 2°C limit. We need to leave 80% of coal reserves in the ground, while at the same time accelerate the deployment of renewable energy. **These developments reveal Turkey's lack of climate ambition, despite the country's role as chair of the G20 this year.** Leaders from the 20 wealthiest economies will meet in a few weeks in Turkey and climate change is on their agenda.



French coal investments in Turkey would contribute to lock the country in a high-carbon development path. Furthermore, the technology Engie will use for the Ada Yumurtaalik plant (supercritical pulverized coal) is not even the best available technology on the market in terms of being able to deliver partial reduction of CO₂ emissions. This project also does not help with Turkey's energy independence, as the coal used for the boiler would be mostly imported.

The region has a strong potential for developing renewable energy based on wind and sun, however, public authorities have not tried to produce a serious assessment of the potential for these renewables so far.

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Half a million people affected by the Ada Yumurtalik project

The Iskenderun Bay and its inhabitants are particularly threatened by coal developments in Turkey. 29 new projects are planned in the area, which include Engie's, adding to the existing 3 coal power plants. This development is a threat to the



whole region, which has one of the most diverse terrestrial and marine ecosystems in Turkey and is particularly fertile. It is estimated that 500,000 inhabitants would be affected by coal developments in this region. Local people's livelihoods rely on fishing, and producing vegetables, fruit and olives, all of which will be impacted by coal.

Health impacts

Emissions from coal-fired power plants in Turkey contribute significantly to environmental pollution. A new report by the Health and Environment Alliance (HEAL) assesses the terrible health impacts of existing coal in Turkey: 2,876 premature deaths, 3,823 new cases of chronic bronchitis in adults, 4,311 hospital admissions and 637,643 lost working days each year³. These health costs of coal combustion in Turkey amount to 2,9 billion and up to 3,6 billion euros per year.

These indirect costs are not paid for by the energy companies, but by the whole society, including via public budgets. These costs will increase dramatically if new coal power plants like Ada Yumurtalik are built in the country.

ENGIE'S FALSE 'GREEN' IMAGE

Engie's double-discourse on climate

Since GDF-Suez, now called Engie, changed its name in April 2015, the company came up with a completely new communication strategy. During its shareholders meeting in April 2015, ENGIE revealed a new three-dimensional strategy: digitalized energy, decentralization of energy management, and decarbonisation of the energy mix. However, opening a massive power plant like Ada Yumurtalik in Turkey does not give local communities ownership over their energy. Renewable energy however can do this. As well, burning coal works in the opposite direction from decarbonizing Engie's energy mix. In Turkey, Engie also has plans to open a nuclear power plant (called Sinop)⁴, another destructive project that will lock the country in with a risky, costly and unsustainable form of energy for a long time.

Engie's environmental intentions are a facade. With the Paris Climate Summit just around the corner, Engie is trying to create a green image by being one of the official sponsors of the Paris climate conference. It is also one of the main partners of « Solutions COP21 », a forum which will showcase so-called « solutions » to climate change during the 2 weeks of the Summit. There is no doubt that Engie will use these opportunities to showcase its own investments in renewable energy and energy efficiency, while hiding its massive investments in fossil fuels and non-sustainable, non-renewable energy. **Today, coal, gas, nuclear and large hydro make up 95% of Engie's total production capacity⁵, compared with 5% for renewable energy⁶. If Engie**

³ Report: "The unpaid health bill: How coal power plants in Turkey make us sick", HEAL – Health and Environment Alliance, May 2014: http://env-health.org/IMG/pdf/19052015_hr_coal_report_turkey_final.pdf

⁴ http://www.todayszaman.com/business_report-sinop-nuke-plant-to-cost-163-bln_390885.html

⁵ For the subsidiaries which are own 100 % by Engie (which means all of Engie's assets)

⁶ http://www.connaissancedesenergies.org/sites/default/files/pdf-actualites/pod_gdfsuez_document-reference-2014_fr_rev01_bd.pdf

does not commit to change their path quickly and invest in more renewable energy, its role as the Paris Climate Summit sponsor will be a pure green-washing exercise, encouraged by the French state.

Civil society mobilised against Engie's coal in France and Turkey

In Turkey, most of the population in Iskenderun Bay is opposed to the coal development plans, especially Engie's coal power plant. Since the mid-1990s, grassroots organisations have actively fought for their right to live in a healthy environment. They have started lawsuits against the licensing of these coal power plants. Out of 13 cases, they have already won 3 lawsuits. 2 power plant projects



were cancelled and 1 has started operating despite the lawsuit, disregarding citizens' rights. The Turkish legislation is not on the side of the locals: it contains many loopholes that make it easy for fossil fuel companies to do business, in addition to the significant amount of public subsidies they receive.

Gulnaz Killi, a local, talks about the consequences of the coal industry in Turkey and about her fight:

“In our village, there is no single house without a family member suffering from respiratory diseases due to the industrial production⁷ and coal power plants. The problem with coal power plants here is that they all use imported coal. Our respiratory diseases are not only caused by the pollution from burning the coal, but also from open pitch coal storage areas...next to where we live. My 9-year-old grandson has asthma, so have most of my neighbours' children. It's their right to live and grow up in a healthy, sustainable environment. I have been active in our struggle since 1999 and now our community in Sariseki, Iskenderun is facing displacement because of the interests of the coal industry.”



WHAT ENGIE AND THE FRENCH GOVERNMENT MUST DO AHEAD OF THE PARIS CLIMATE SUMMIT

For Friends of the Earth France and Réseau Action Climat France, Engie should:

- Immediately stop the Ada Yumurtalik coal project
- Announce a rapid coal phase-out plan before the Paris Climate Summit, with no further

development of false solutions, like nuclear or large dams, and taking into account workers' retraining needs.

The French government, as one of Engie's main shareholders, should take responsibility and:

- Be opposed to the Ada Yumurtalik project within the company's decision-making processes. Turkish, French and International organizations sent a letter to François Hollande - **text below**.
- Make a clear, public statement in favour of Engie's rapid coal phase-out, and raise this voice to the other shareholders and during decision-making processes within the company.



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MAIN SOURCES

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<http://www.amisdelaterre.org/Emissions-d-Etat-stop-a-l.html>

“Financing coal: high carbon arithmetic of Turkey”, April 2015:

<http://www.underalgedik.com/wp-content/uploads/2015/07/Financing-Coal-final.pdf>

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CONTACTS

In France (Paris):

Malika Peyraut, Friends of the Earth France, Campaigner - Energy and International Financial Institutions, +33 (0)9 72 43 92 55, malika.peyraut@amisdelaterre.org

Celia Gautier, Climate Action Network France, EU policy adviser, +33 (0)6 72 34 00 27, celia@rac-f.org

In Turkey (Istanbul):

Elif Gunduzeli, Climate Action Network Europe, Climate and Energy Policies Coordinator for Turkey, (0090) 536 854 61 28, elif@caneurope.org

(For visuals, email Elif Gunduzeli)

Open Letter by civil society to M. François Hollande, President of the French Republic

FRANCE MUST PUT AN END TO ENGIE'S COAL PROJECTS IN TURKEY AHEAD OF COP21

Dear Mr. President François Hollande,

In less than a few weeks, France will host the 21st UN Climate Conference. It is going to be a key moment in the just transition from a world hooked on fossil fuels to one powered by 100% renewable energy for all. The Intergovernmental Panel on Climate Change and the International Energy Agency clearly state that to limit global temperature rise below 1.5/2°C we must leave two thirds of the known fossil fuel reserves in the ground. This means we must leave 80% of coal reserves in the ground, according to the latest analysis.

Mr. President, last year you announced that France is ending its support for dirty coal via the French Export Credit Agency (Coface) - when there is no operational carbon capture and storage system (CCS) in place. This is an important French commitment, helping to create a strong international dynamic against coal extraction and burning, but it's just a start. We strongly encourage France to end support for all types of coal extraction and processing, irrespective of CCS, as early as possible and before COP21.

EDF and ENGIE both make significant investments in the coal sector worldwide, and as your government is a shareholder of both companies, the French responsibility goes beyond national export credits to coal. Both of these companies currently own 46 dirty coal power plants and are responsible for as much as half of France's energy-related emissions. Furthermore, both companies are involved in the construction of new and highly controversial polluting coal power plants. In particular, ENGIE is involved in the Ada coal fired power plant project in Iskenderun Bay, Turkey - yet ENGIE and EDF remain sponsors of COP21.

This pollution is not only the responsibility of ENGIE and EDF, it is also a responsibility of the French Government. The French State owns 84% and 33.3% of these companies respectively and the government plays a strategic role on their boards. Your responsibility, as host of COP21, is to ensure these new coal plants are never built and to ask these two companies to announce by December a plan to redirect their investments towards energy efficiency and renewable energy. In doing so, the French government would take the lead in a broad coalition of exemplary countries in the fight against climate change.

Times are changing. Most financial analysts, including HSBC, Goldman Sachs and Deutsche Bank, now agree that coal is a highly risky sector for investors. In June 2015, ENGIE announced that it will not build the Thabametsi coal power plant in South Africa based on shifting investment risks - this was a first concrete step in response to the present reality, and in phasing out coal. The next concrete step for ENGIE to minimise investor risks and recognise reality is to withdraw from the Ada coal fired power plant project, and to end all its existing and planned coal investment in Turkey.

ENGIE in partnership with Turkish Mimag-Sanko, has already applied for the pre-licensing of the Ada coal plant project. The plan is to build it on the coast of Yumurtalik, Iskenderun Bay, which has one of the most diverse terrestrial and marine ecosystems in Turkey. Twenty percent of Turkey's citrus production comes from this area and a majority of local people earn a living from fishing, and vegetable, fruit and olive production. The increasing number of new coal power plants, directly threatens the livelihood of around 500,000 inhabitants in the region.

Mr. President, if ENGIE moves forward with building the Ada coal power plant, the Turkish people alongside civil society from around the world will hold France responsible for the increased climate impact over the next 40 years as well as the regional pollution and health costs.

Dirty coal investments are not a solution to development. Quite the opposite: they will create huge barriers for a just and sustainable development, while safe, climate-friendly, cheaper decentralised renewable energy systems can provide access to sustainable energy for all.

Mr. President, we strongly urge you to act to cancel ENGIE's investment plans in the Ada coal power plant project in Iskenderun Bay, and to push Engie commit to end all its coal investments and activities. As a member of G7, France has very recently signed the G7 communiqué which pledges to leave the fossil fuel age behind by decarbonisation of the global economy and phase out of fossil fuels. This is a major opportunity to show your leadership before the 21st UN Climate Conference in Paris.

Respectively yours,

Signatories:

Climate Action Network Europe

Réseau Action Climat France

350.org

Amis de la Terre

EKOenergy

WWF France

Greenpeace Turkey

TEMA Türkiye Erozyonla Mücadele, Ağaçlandırma ve Doğal Varlıkları Koruma Vakfı (*The Turkish Foundation for Combating Soil Erosion, for Reforestation, and the Protection of Natural Habitats*)

Türkiye Doğa Koruma Vakfı (WWF Turkey)

Adana Çevre ve Tüketici Koruma Derneği

Erzin Çevre ve Tarihi Varlıkları Koruma Derneği

Erzin Bisiklet Spor Kulübü Derneği

Adana Kent Konseyi Çevre Çalışma Grubu

Adana Dağ Bisiklet Spor Kulübü Derneği

Pera Toplumsal Gelişim Derneği

Erzin Gönüllüleri Derneği

Doğu Akdeniz Çevre Dernekleri Platformu

Adana Barosu Çevre Komisyonu

Adana Ziraat Mühendisleri Odası

Osmaniye Çevre Dostları Derneği

Kastabala Çevre Platformu

Ka-Der Kadın Adayları Destekleme Derneği Adana Şubesi

Akdeniz Kadın Kooperatifleri Birliği

İskenderun Çevre Koruma Derneği

Samandağ Çevre Koruma ve Turizm Derneği

Antakya Çevre Koruma Derneği

Erzin Yeşilkent Sulama Kooperatifi

Erzin Turunçgil Üreticileri Birliği

Adana Bisiklet Topluluğu Spor Kulübü Derneği

Adana Tabip Odası

Ekoloji Kolektifi

TÜRÇEP Türkiye Çevre Platformu

TEP Temiz Enerji Platformu

Türkiye Yenilenebilir Enerjiler Birliği (EUROSOLAR Türkiye)

KADOS Kadıköyü Bilim Kültür ve Sanat Dostları Derneği