

Fortum: Transition Myth Meets Fossil Reality

Fossil activities abroad contradict the company's and Finland's climate targets
Human Rights issues in Fortum's coal supply chain
Growing responsibility for heavily fossil-loaded utility Uniper

Berlin, Helsinki | April 22, 2020

One day before the Finnish state-owned utility company Fortum holds its **annual general meeting**, environmental NGOs show how the company's businesses abroad harm Finland's decarbonization strategy and its own climate ambitions.

Finland has set an ambitious goal to become the first "fossil-free welfare society in the world". Fortum presents itself as a forward-thinking and sustainable company with a vision "for a cleaner world" and plans to "decarbonize society". But, despite investing in solar, wind and other renewables, the energy utility is also the sole owner of eight coal (incl. multi-fuel) power plants in Finland, Poland and Russia with a combined electrical and thermal capacity of 4.735 megawatts (MW). Overall, **Fortum still produces 40% of its power and 77% of its heat by burning non-renewable energy sources.**

Human rights issues in coal supply chain

Fortum sources its hard coal for the Finnish and Russian power plants from mining companies in Russia and Kazakhstan. The coal imported from Russia comes almost entirely from the Kuzbass region. **Coal mining has wreaked havoc on the environment in Kuzbass.** Rivers, ground water and air are heavily polluted, with devastating impacts on the health and livelihoods of people living in Kuzbass. In the winter months, large parts of the coal mining regions are frequently covered with black dust. **"Black snow"** has become a common phenomenon.

Vladimir Slyviak from the Russian environment NGO Ecodefense comments:

"Fortum is still disregarding its responsibility for human rights and environmental protection in its coal supply chain. As long as Fortum's coal plants are running, the company must do everything to minimize the harm coal extraction

creates for people and nature. Suppliers that are accused of human rights and environmental violations or corrupt practices should be investigated and excluded until cleared.”

Uniper: Growing climate risks

The takeover of the German energy utility Uniper is driving Fortum even further away from a necessary 1.5C° trajectory and its role to create a „cleaner world“. **Uniper’s energy generation is 80% fossil-based** and rather than looking to decarbonize its portfolio, it relies on keeping most of its coal assets and expanding its gas activities. As the new majority shareholder with a **stake of 69,6%**, Fortum must be held responsible for its subsidiary’s climate impacts.

Uniper is the fifth largest coal plant operator in Europe. **Its CO2 emissions amounted to 59.5 million tons in 2018, more than the entire country of Finland was responsible for in the same time period.** In fact, the acquisition of Uniper has just turned Fortum into one of the most polluting utility companies in Europe.

Uniper has ignored the proposal of the German Coal Commission for the country’s coal phase-out and is set to connect the 1.1 GW Datteln 4 plant to the grid in 2020. This makes Datteln 4 the only coal power plant under construction in Western Europe in 2019. According to projections, Datteln 4 would lead to **additional CO2 emissions of 2 to 4 million tons annually.**

Sebastian Rötters, Energy Campaigner at the German NGO Urgewald, says:

“Fortum should stop the commissioning of Datteln 4. It would be a disastrous signal to the world if Fortum allows a new coal plant to go online in 2020. Furthermore, Fortum should commit to closing all of its coal assets instead of just selling them, so that they can no longer speed up climate change. It should develop and publish a decommissioning plan to retire its coal power plants by 2030 in accordance with the Paris Agreement. To be in line with the Paris Agreement, coal must be phased out by 2030 in all markets where Fortum is running coal plants.”

Lawsuit threat against the Netherlands

Uniper has publicly threatened to sue the Dutch state, after the parliament adopted a law to phase out the burning of coal for electricity generation by 2030. The company has announced an Investor-State Dispute Settlement (ISDS)

claim based on the Energy Charter Treaty (ECT). **In complete ignorance of the ever worsening climate crisis, Uniper claims that its brand new plant Maasvlakte 3, which started operation in 2016, should be able to run for 40 years.**

The Dutch law is actually quite similar to the Finnish law, which will end coal-fired electricity generation by 2029. However, Uniper, supported by its majority shareholder Fortum, is now **seeking up to €1 billion euros in compensation** from the Dutch state.

Sara Murawski, Expert at the Dutch Transnational Institute, says:

“Finland is on track to damage its reputation as a climate leader in Europe if it does not stop the absurd legal claim against the Netherlands. Fortum needs to ensure that Uniper respects the Dutch coal exit decision and withdraws its compensation claim. This legal threat under the ECT is undemocratic and endangers European climate ambition.”

Uniper’s massive gas expansion plans

Apart from holding on to its climate-damaging coal plants, Uniper is also intent on expanding its activities in the gas sector. One important project is the **construction of Germany’s first Liquefied Natural Gas (LNG) Terminal in Wilhelmshaven**. Originally planned to be operational by 2023, the project is currently delayed as it is planned in a sensitive natural area at the Wadden Sea. The planned capacity of 10 billion cubic meters per year would translate into at least 18 million tons of CO₂ emissions. It is likely that the imported LNG will come from fracking gas extraction in the USA – which is not only causing environmental havoc on the extraction sites but also causing vast emissions of methane, a highly potent greenhouse gas.

On the other side of the Atlantic, Uniper is also directly involved in the creation of more new LNG infrastructure: The Canadian company Pieridae Energy wants to build the LNG export terminal Goldboro in Nova Scotia. Crucial for its construction is a **long-term (20 years) supply agreement between Pieridae and Uniper**. The project is supposed to start shipping LNG by 2024/25, meaning that Uniper would **buy fossil gas until 2044/45** despite all its talk about new gas infrastructure being used for “renewable” gas in the future. Uniper is also involved in the contested gas pipelines **North Stream 2**, set to bring Russian gas to Germany, and in the **Southern Gas Corridor**, a pipeline from Azerbaijan to Italy.

Constantin Zerger, Head of Energy and Climate Protection at Environmental Action Germany (Deutsche Umwelthilfe), comments:

“While gas is often promoted as a bridging fuel to a carbon neutral future, the projects Uniper is pursuing are incompatible with reaching the 1.5C° goal outlined in the Paris Agreement. Uniper and Fortum have to put an immediate stop to such projects. Any additional investment into fossil gas infrastructure is a bet against climate goals.”

Zerger adds: *“Fortum still has a long way to go if it wants to transform itself into a leading clean energy company – and the Uniper takeover has just made that journey significantly longer. Uniper’s carbon footprint is now indisputably Fortum’s responsibility. The upcoming plans of the German utility will unquestionably lead to the exact opposite of a ‘cleaner world’.”*

Find further insights in Urgewald’s briefing

Fortum for Future? – Finland and the Finnish state-owned energy company at the crossroads, Feb 2020

https://urgewald.org/sites/default/files/Briefing_Fortum_1.pdf

Contacts

Moritz Schröder-Therre | Communications Director, Urgewald
+49 176 640 799 65, moritz@urgewald.org

Vladimir Slyviak, Campaigner, Ecodefense
+7 903 299 758 4, ecodefense@gmail.com

Sara Murawski | Coordinator of the “Handel Anders” Civil Society Coalition,
Dutch Transnational Institute
+31 6 498 758 05, sara@handelanders.nl

Constantin Zerger, Head of Energy and Climate Protection,
Environmental Action Germany (Deutsche Umwelthilfe)
+49 160 433 40 14, zerger@duh.de