

Unburnable Fuel

High time for a new European policy approach to tackle climate change

EJOLT
Briefing

005

Keywords

- > Unburnable fuel
- > Yasunisation
- > Carbon emissions
- > Post-carbon economy
- > Resource cap
- > Energy transition
- > Extraction frontiers



The Kichwa people of Sarayaku, Ecuador, reject all oil activities in their territory

Photo: Dolores Ochoa



The Laguna del Tigre National Park, a Ramsar site threatened by oil extraction in Guatemala

Photo: Consejo Nacional del Áreas Protegidas. Gobierno de Guatemala



In the Lofoten Islands, Norway, oil extraction conflicts with fishing and tourism

Photo: Arnodd Haþnes

2013 will be the first year with atmospheric CO₂ concentrations crossing the 400 ppm threshold ...

... up from 349 in 1987, the year the Brundtland report was published (and the last year when the annual CO₂ level was less than 350 ppm) and from 356 ppm in 1992, at the time of the Earth Summit in Rio de Janeiro.

To fulfill the commitment of limiting global warming to 2°C with at least a likelihood of 50% requires stabilising greenhouse gas concentrations at about 450 ppm by 2050. To achieve this, global emissions have to decline by about 60% by 2050. Fossil fuel extraction and consumption must be reduced accordingly.

Climate limits

We are heading to 450 ppm in less than 25 years at a current CO₂ rise rates of ~2.2 ppm/year. CO₂ levels by mid-century would reach 470-480 ppm, even without considering CO₂-rise due to feedback effects. This corresponds broadly to ~0.5°C temperature rise. CO₂ above 500 ppm appears extremely risky for coral reefs and the tens of millions of people who depend on them directly, even under the most optimistic circumstances.

Assuming a climate sensitivity of 3°C for a doubling of atmospheric CO₂ levels, at 550 ppm CO₂ (twice the pre-industrial level of 280 ppm CO₂), mean global temperatures will rise by about 3°C, with a risk of rising by 4°C and more. This would imply sea level rise of about 25 metres +/- 12 metres due to smelting of the Greenland and Antarctica ice covers, as recorded from the mid-Pliocene (3 million years ago) and consistent with sea level rise/temperature relations during glacial terminations

In the EU, the European Environment Agency (EEA) has reported on past and projected climate change and related impacts and vulnerabilities based on a range of indicators.



Gas flaring Oben (Edo State), December, 2010

Photo: ERAFoEN

A lot of carbon will have to be left in the ground

If governments are determined to implement their climate policies, a focus on efficiency, although important, will not achieve absolute reductions. According to the UK's Carbon Tracker Initiative and the Grantham Research Institute on Climate Change, part of the London School of Economics, the world's 'carbon budget' is about 1.000 gigatons (Gt CO₂) between now and 2050.

Total proven international fossil-fuel reserves already contain about 3 times as much carbon, according to the International Energy Agency 'World Energy Outlook'. Most of the reserves are owned by governments or state energy firms; they could be left in the ground by public-policy choice, i.e., if governments took their own policy objectives seriously. Exploring and exploiting new sources of fossil fuels now means to propel CO₂ emissions above 550 ppm. It is an irresponsible waste of money, and policy is called upon to stop this squandering of resources.

Oil and gas extraction, and coal mining, even using the most modern techniques, will always be dirty business. There is no ethical, environmental or social justification for mobilising reserves with above-average environmental and social impacts, including deep sea oil, tar sands, or fracking for shale gas, destroying riverine delta ecosystems and other wetlands, densely populated farmland, biodiverse forests or coral gardens.

The solution

- **EU governments should urgently revise their mining laws to rule out any further exploration for fossil fuels on their territories and marine zones, and start negotiations for a global ban on fossil fuel exploration**

Current policies head in the opposite direction: Italy has recently reversed its ban on offshore drilling, Spain is forcing exploration in the Canary Islands against the wishes of the regional government and Greece is stirring up dangerous waters with Turkey. Better would be to **invest in solar and other renewable energy sources** in those sunniest places in Europe, supported by a framework for accelerating the spread of solar-based energy. To save taxpayers' money they should **stop subsidising exploration**, and **end the tax deductibility of exploration expenses** (as was done a few years ago for expenses for bribery).

- **Which one third of proven reserves shall we consume, and which are the two thirds to be left in the ground?**

Even if all further exploration is stopped, the choice which reserves are to stay in the ground should be based on an assessment of socioenvironmental costs associated to drilling and pumping oil or gas, and for digging coal in each place. **Europe must define criteria regarding which sources of fossil fuels are acceptable for consumption** (such as the import criteria for agrofuels). The environmental impact, in particular the **carbon emissions, biodiversity loss, land use and water consumption** should be minimised, the **rights of local communities**, indigenous or not, must be respected and their territories protected, and it should become mandatory to ask local populations, often victims of an expanding commodity frontier, for their **prior informed consent** before any new drilling happens.

- **Capping the carbon input would complement existing policies and enhance their effectiveness**

Unlike CCS (carbon capture & storage) and geo-engineering, capping on the input side is technically and socially feasible if the political will is there. This goes beyond the Energy Efficiency Strategy that the EU agreed on and has started to implement, albeit with difficulties due to the failure of the ETS scheme. Other strategies are needed: social innovation, capping resource use (quotas), resource sufficiency indicators, and strategically developing an economic system based on a sustainable supply (not exploiting resources when the environmental and social cost is not justifiable).

'Unburnable fuel' in practice – a civil society concept takes root in politics

In 1995, immediately in the aftermath of the killing of Ken Saro-Wiwa and his companions in Nigeria, Environmental Rights Action ERA/FoE Nigeria and Acción Ecológica from Ecuador (both EJOLT partners), came together in a meeting in Lago Agrio in the Ecuadorian Amazon area devastated by Texaco, and founded a south-south network, Oilwatch. It was from here that the idea of '*leaving oil in the soil*' arose in 1997, already put forward in the parallel meetings in Kyoto.

Ten years later, the idea got official support from the government of Ecuador, leading to the innovative 'Yasuni-ITT proposal', whereby the government pledged to leave 850 million barrels of oil in the ground in the Yasuni ITT field – to respect indigenous rights, keep biodiversity intact, and avoid

carbon emissions. The Yasuni ITT creates global public goods (less CO₂, preservation of biodiversity) by the efforts of a single state. The government of Ecuador asked for the international community to provide compensation for only half of the estimated foregone revenue, USD 3.6 billion – paid over a period of ten years.

These contributions would be deposited in a trust fund jointly administered with the UNDP, and to be used for the transition to a post-oil economy, and social and environmental development in the Amazon region. Yet despite initial support from some European governments, the proposal is now in danger as countries have backed down from their commitments. Initial support from Germany for the Yasuni-ITT with the German parliament passing a resolution to back the Yasuni-ITT initiative in June 2008 has waned as the government argued against a political solution outside the market.

Leaving the oil underground does not translate to losses but saving.

We must learn to save. The oil under the soil is still our oil.

We must not exploit every resource simply because we have it. This is simple wisdom'

- **Energy companies, private and public, should be obliged to disclose the carbon content in their reserves as a basis for distinguishing burnable from unburnable fuel**

The book value of proven reserves should be written down accordingly, by both public institutions and private corporations, even if that implies losing virtual value (the current overvaluation is similar to other **toxic assets** overvaluation that cause the 2009 banking crisis).

- **Initiatives for ‘leaving oil in the soil’ in socially and environmentally vulnerable reserve locations should be supported politically and financially as a first step towards establishing an inventory of ‘unburnable reserves’**

Fragile ecosystems are places uniquely unsuited for fossil fuel extraction. **Halting of the oil frontier** should begin there, and safeguard the social, economic and environmental rights of local resident communities. This applies as well to shale gas fracking in Europe, which is limited in volume, comes at comparatively high cost (as compared to the US fracking bubble), poses environmental risks and threatens to undermine environmental legislation if mining companies are being permitted to inject substances into the ground without declaring which chemicals they contain.

- **The Ecuadorian Yasuni ITT area deserves immediate support**

In this area, one of the richest biodiversity hot spots of the Earth, indigenous peoples are in danger right now. As the trail blazer of this new and important policy, the first step to identifying the 2/3 of fossil fuels to be declared unburnable and to stay in the ground should start there. **Stopping new drilling in the Niger delta is not less urgent.**

- **As an immediate measure, the EU should consider a fund for contributing to such initiatives**

In line with its commitment to so-called responsible extractivism, this should be done as an immediate measure. In the longer run such compensation mechanisms could be institutionalised through a **Daly-Correa Tax on oil exports** levied by OPEC countries. The tax income would be deposited into a fund (perhaps under UN administration) to help **finance a world energy transition** away from fossil fuels, supporting also poor countries without oil, and supporting those declaring reserves ‘unburnable’ e.g. for biodiversity conservation and social integrity in places like Yasuni or the Niger delta.

However, given the failure of carbon market strategies, the Yasuni plan, proposals for leaving the oil in the soil from Nigeria, and similar initiatives should be celebrated precisely because they offer innovative ways to address climate change at source, applying the principle of common but differentiated responsibility re-emphasised at the Rio+20 negotiations in 2012.

The EJOLT Report on Unburnable Fuels: new concepts for a Post-Oil Civilization

The new report from the EJOLT project argues that leaving oil and other fossil in the soil is a necessary, effective and feasible way to avoid more climate change, biodiversity loss and risky exploitation, and to move towards an energy transition. It builds upon experiences not only from Africa and America but also from the European Union.

It considers proposals from New Zealand and the Lofoten islands in Norway.

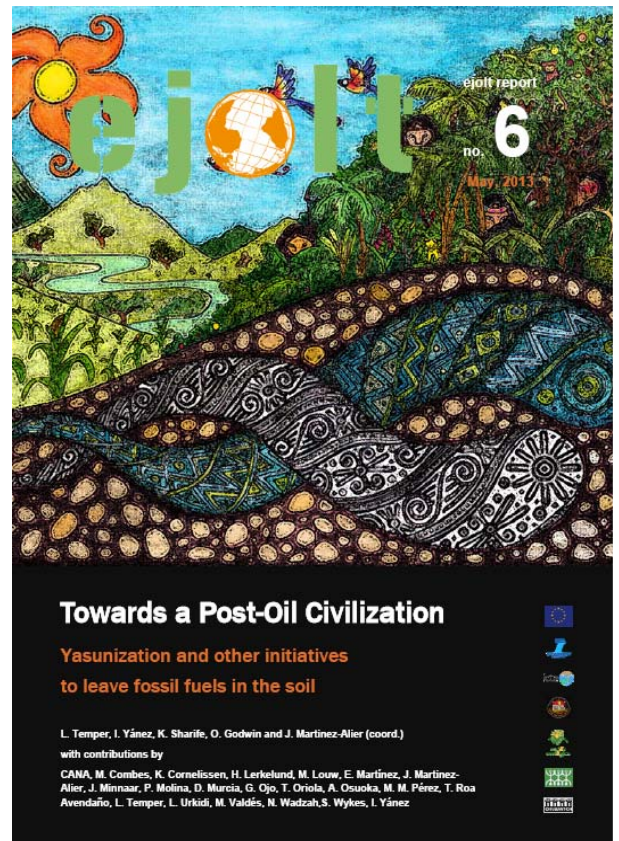
The new EJOLT report draws on concrete experience from fossil fuel extracting countries, the conflicts arising and the campaigns addressing them:

- It gives a historical perspective from Ecuador and Nigeria, two of the countries that have paid the highest price for oil extraction.
- It features successful campaigns in places such as Colombia where governments have decided marine biodiversity and some of the most unique coral islands on the planet should not be tainted by oil.
- It provides insights on how glocal alliances (global alliances of local people) for climate justice are being formed by grassroots communities at both ends of the pipeline.

*This report builds on the experience for over two decades of two of environmental justice organisations:
ERA (Nigeria) and Acción Ecológica (Ecuador).*

We cannot burn all the oil, gas and coal in the ground at the present speed because of climate change.

*The question this report poses is:
how to decide the locations where it is best to keep oil, gas or coal in the ground?*



This policy brief was developed as a part of the project *Environmental Justice Organisations, Liabilities and Trade* (EJOLT, 2011-2015) (FP7-Science in Society-2010-1).

The project supports the work of Environmental Justice Organisations, uniting scientists, well known activist organisations, think-tanks and policy-makers from the fields of environmental law, environmental health, political ecology, ecological economics, to talk about issues related to Ecological Distribution. EJOLT aims to improve policy responses to and support collaborative research and action on environmental conflicts through capacity building of environmental justice groups around the world. Visit our free resource library and database at www.ejolt.org and follow twitter.com/envjustice or www.facebook.com/ejolt to stay current on latest news and events.

- It charts the rise of “Fracktivism” (in America, Europe and Africa) against shale gas.

It is known that oil exploitation done by multinational companies leads to overall negative impacts, with a few benefits to local elites. There is a large literature on the ‘resource curse’. The Report offers arguments for ongoing disputes on fossil fuel exploration and exploitation, for instance:

- showing how oil exploration in offshore waters in Italy, Spain and other European crisis-stricken countries may lead to increased regional and territorial conflicts.
- explaining why the dirtiest and heaviest forms of crude – such as tar sands that are being targeted not only in Canada, but also in Madagascar, Nigeria and other African countries – should be left untouched.

Furthermore, the report reviews the international legal grounds for stopping extraction in National Parks and in indigenous territories, and the payment mechanisms for keeping oil in the

ground and for paying off the ecological and climate debts. This could include ‘crowd-funding initiatives’ and the Daly-Correa tax imposed by OPEC. It argues for new radical forms of environmental governance, combined with a new bio-centric environmentalism that respects the rights of Mother Nature.

For more information

Towards a Post-Oil Civilization: Yasunization and other initiatives to leave fossil fuels in the soil

EJOLT Report No. 6, available at:

www.ejolt.org/reports

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