



26.10.2011

NOTICE TO MEMBERS

Subject: Petition 0070/2010 by Sergio Diana (Italian), on behalf of Comitato Sardo ProSardegnaNoGasdotto, on the discrepancy between EU energy policy objectives and the financing of the GALSI (Gasdotto Algeria Sardegna Italia) pipeline

1. Summary of petition

In the wake of the 2005 energy supply crisis President Barroso declared that the EU needed to diversify its energy sources in order to create more security. Regulation 663/2009/EC establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy article 13 further enshrines the principle of the need for diversification. The petitioner questions whether the choice of the GALSI pipeline as being eligible for Community financing is coherent with this principle. He points out that the Russian company Gazprom is heavily involved in the Algerian company Sonatrach, the main shareholder in the GALSI project. He and his associates would prefer to see EU funds directed towards investment into renewable energy sources, abundantly available in Sardinia, or other sectors that would help in the recovery of the economy.

2. Admissibility

Declared admissible on 27 April 2010. Information requested from Commission under Rule 202(6).

3. Commission reply, received on 24 June 2010.

GALSI is an Algeria-Italy gas pipeline passing via Sardinia to Tuscany and with a possible branch to Corsica. Galsi is a joint venture between a major world-league gas exporter and strategic Italian partners with consolidated downstream market presence, including regional partners directly interested in developing the local gas market. The capital structure of it is:

Sonatrach 41,6%, Edison 20,8%, Enel 15,6%, Sfirs (Sardinia Region) 11,6%, Hera 10,4%.

The GALSI pipeline is listed among the TEN-E European priority projects and included among projects of European interest. In addition, GALSI is also one of the 31 gas infrastructure projects that are awarded EU financial support in the context of the European Economic Recovery Plan (EERP).

The petitioner questions whether the choice of the GALSI pipeline as being eligible for Community financing on the basis of Regulation 663/2009/EC (establishing a programme to aid economic recovery - EERP) is coherent with the principle of the need for diversification of the EU's energy sources as is enshrined in recital 13 of the Regulation.

The petitioner states that President Barroso in many of his official statements emphasises the need for the EU to diversify its energy sources and not to rely on a single energy source or on a handful of supplier countries outside of the EU by producing more energy within the EU and, if necessary, securing supplies from other, more politically stable, regions of the world.

However, the petitioner points out that the Russian company Gazprom is heavily involved in the Algerian company Sonatrach, which is the main shareholder in the GALSI project.

The petitioner also notes that Recital No 13 of the Regulation specifies that one of the objectives of projects deemed eligible for EU funding should be 'to strengthen economic and social cohesion by reducing the isolation of the least favoured regions or islands of the Community'. On this point, he points out that he has already expressed his concerns to the European Commission, in an earlier letter to the European Commission dated February 2009, regarding the situation of Sardinia in relation to the GALSI project, which he views as a grave threat to the island's inhabitants, economy and territory, whilst serving no useful purpose in terms of energy supplies.

The petitioner asks whether the European Commission and the European Parliament plan to take measures in response to possible repercussions of the agreements between Russia and Algeria concerning gas supplies. The petitioner also asks if the European Commission and the European Parliament continue to regard GALSI as a strategic project in the meaning of Regulation 663/2009/EC from the point of view of diversifying energy sources and supplies. Finally, he and his associates would prefer to see EU funds allocated instead to Sardinia and directed towards investments into renewable energy sources, which are abundantly available in Sardinia, or into other sectors that would help in the recovery of the economy.

In relation to the specific issue of the supposed "*discrepancy between EU energy policy objectives and the financing of the GALSI (Gasodotto Algeria Sardegna Italia) pipeline*", it is useful to recall that the aim of the project is to connect gas reserves in Algeria to Italian and European markets through a new route via Sardinia and the Italian mainland, thus creating a shorter and more competitive route to supply North African origin gas to Europe. Consequently, the goal of 'responding to infrastructure needs and the diversification of energy supplies', as it is stated in the "Second Strategic Energy Review: Energy security and solidarity action plan" and in the Regulation 663/2009/EC (establishing a programme to aid economic recovery – EERP) will be served with the development of this infrastructure.

Furthermore, the Galsi project represents an unique opportunity to bring natural gas to Sardinia (and possibly to Corsica), currently the only region not interconnected with the Italian gas network, allowing the integration of this region with EU energy market and the development of a regional gas network, thus contributing to the other goal of the Recovery Plan “of strengthening economic and social cohesion by reducing the isolation of the least favoured regions or islands of the Community”.

As regards the supposed agreements between Russian Gazprom and Algerian Sonatrach, the Commission has not investigated their contents and possible influence on the ability of Sonatrach to act independently. But the “real facts” are the supply agreements signed between Sonatrach and Galsi sponsors in 2006 and the Intergovernmental Agreement, underlying the Galsi project, signed between Italy and Algeria in November 2007. These agreements represent the strategic milestones on which the project itself has been developed.

Lastly, the information available to the Commission in relation to the ongoing procedures indicates that the necessary steps for assessing the likely environmental impacts of the project (including direct, indirect and cumulative environmental impacts) are currently being undertaken by the competent authorities. The Galsi Project is actually undertaking an Environmental Impact Assessment under Italian Law D.Lgs. 152/06 and its subsequent modifications (following Directive 85/337/EEC), under the responsibility of the Ministry of the Environment in Italy (*Ministero dell'Ambiente e della Tutela del Territorio e del Mare - MATTM*). According to the normal procedure, Galsi is receiving observations about the project and its impacts from different stakeholders: central and local Administrations, individual citizens and association of citizens.

The Commission concluded that there is no reason for putting into question its decision to support the GALSI project as long as GALSI completes successfully the Environmental Impact Assessment and obtains the Authorisation of Construction and Operation permits from the responsible Italian authorities.

4. Commission reply (REV), received on 26 October 2010.

The Comitato "ProSardegnaNoGasodotto" is against the project and is using every possibility to cancel the project and the EU financing. Several letters, at different times, have been sent to President Barroso, different Commissioners (J. Hahn, J. Potocnik, G. Oettinger) and to Mr. Reul, President of the ITRE Committee, and it seems that the Commission services have also received various letters.

The Commission has looked at the additional documents submitted by the petitioner and concludes that there is no incoherence in the answers provided to the Comitato "ProSardegnaNoGasodotto".

In a letter sent by Commission services in March 2011 it is explained that the Commission services consider that the project fully complies with the objectives and the priority set in the Regulation No 663/2009 of the European Parliament and the Council establishing a programme to aid economic recovery by granting Union financial assistance to projects in the

field of energy. It is also mentioned that the project received the environmental authorisation in February 2011.

In another letter, the Commission replied that so far the Italian authorities have not yet notified to the European Commission according to Article 6.4 of the Habitats Directive (92/43/CEE) whether the project, despite all the mitigation measures, would still have a negative impact on Natura 2000 sites, namely on the priority Posidonia habitat. The Italian authorities need to request the opinion of the European Commission under art. 6.4 of the Habitats Directive.

In fact, the situation is as follows: the environmental authorisation has been granted to the project¹ and specified that the Italian environmental authorities still have to notify to the European Commission the measures adopted regarding the protection of certain species. For the time being, such notification has not yet been made but the beneficiary has confirmed that the Italian authorities are working on it.

Finally, regarding the EEPR financing for the Galsi project (120M€ have been granted to the beneficiary), the Commission services will disburse the funds once they have confirmed that the environmental legislation in force has been properly applied.

¹ decree published in the Italian Gazette,
http://www.minambiente.it/home_it/menu.html?mp=/menu/menu_attivita/&m=Valutazione_di_Impatto_Ambientale_VIA_.html|Decreti_VIA.html N°64 of 24/02/2011.