



Assessment of ENGIE's transition plan

About ENGIE

Headquartered in France, ENGIE is partly owned by the French state which holds a 23% stake in the company. It has positioned itself as not only one of the largest European power generation utilities - with 100 GW of installed generation capacity -, but one of the largest midstream gas operators globally. The company has operations in Europe, Africa, Asia, and North and South America.

ENGIE has significant plans to increase its sustainable energy (wind and solar) and battery storage capacities by 2030 but also relies on fossil gas activities – development of fossil gas-fired plants, gas infrastructure and LNG supply – and the associated development of controversial technologies such as hydrogen and biomethane.

ENGIE's transition plan in a nutshell

Our assessment of ENGIE's climate plan indicates a strong willingness to develop sustainable energy sources by 2030 and increase battery storage capacities. However, these are undermined by a continuous expansion of gas power and by a “low-carbon” strategy that relies on the development of technologies that are incompatible with a rapid and just transition of our energy system (e.g. biogas) or technologies that are immature or non-existent at a commercial – hydrogen, Carbon Capture, Utilization and Storage (CCUS) – and pave the way for continued use of fossil gas. The absence of a clear commitment to end fossil gas expansion and the lack of a commitment to a fossil gas phase-out strategy by 2035 in the EU / OECD countries is currently preventing ENGIE from aligning with a 1.5°C pathway.

Quality of ENGIE's transition plan

1. Emission reduction plan

ENGIE's GHG emission reduction trajectory is not aligned with a 1.5°C trajectory and only certified “well below 2°C” for its near-term targets by the SBTi. Its long-term targets remain uncertified. According to the Net Zero by 2050 (NZE) scenario from the International Energy Agency (IEA),¹ the net zero target must be achieved by 2040 globally and by 2035 in advanced economies for the power sector. ENGIE only commits to a 90% emission reduction in 2045 and plans to rely on

¹ International Energy Agency (IEA), [Net Zero by 2050 Scenario](#), May 2021

offsets and carbon capture technologies for its remaining emissions. Its short-term (2025) absolute emission targets cover a maximum of 66% of all emissions scopes and lack clear distinction between one another. ENGIE's mid-term (2030) absolute emission targets perform better and cover 82% of its emissions. The remaining 18% relates to the generation of energy that the group purchases and resells to end users. No specific target is provided regarding methane emissions although it constitutes a major greenhouse gas.

2. Energy planning

An insufficient fossil fuel phase-out strategy

ENGIE plans to invest between €1 and €2 billion in new gas generation plants and €1 billion in gas networks by 2026, compromising the efforts it is making on renewables. To decarbonize its gas assets, ENGIE is banking on the development of “green gases” such as biomethane and hydrogen and the use of CCUS for residual emissions. Not only are these technologies incompatible with a rapid and just transition of our energy system – some are also immature or non-existent at a commercial scale – they also pave the way for the continued use of fossil gas as they are based on the same generation assets. Furthermore, ENGIE is invested in long term LNG contracts for fracked U.S. gas that run beyond 2040 and are therefore incompatible with decarbonizing the power sector by 2035 in advanced economies and 2040 in the rest of the world.

Ongoing development of renewable energy plan

ENGIE plans to almost double its renewable capacity from 42 GW in 2023 to 80 GW in 2030, primarily by developing new solar and wind capacity that will account for 58% of its electricity production mix by the end of the decade. In parallel, the group will develop 10 GW of battery storage capacity over the same period; essential for ensuring a renewable-based power system is flexible. However, these notable developments barely reach the IEA's NZE pathway, which requires 68% of renewable installed capacities globally by 2030. These ambitions thus need to be strengthened to reach a 1.5°C target.

3. Capex allocation

ENGIE continues to allocate 9 to 11% of its growth CAPEX to fossil gas power development, contrary to the NZE scenario from the IEA that calls for next to no fossil fuel investments by 2030. The remaining CAPEX consists of:

- €14.5 billion invested in the development of low-carbon energy, essentially for solar and wind development.
- €2 to €3 billion invested in electrical grids, low carbon mobility and heating and cooling networks.
- €3 to €4 billion invested in “green gases” (biogas, biomethane and hydrogen) and energy storage such as batteries.

Around 67% of CAPEX are dedicated to sustainable technologies², which could be reinforced if ENGIE did not invest 33% of its CAPEX in such biogas, biomethane, and hydrogen, which are risky and uncertain as they are immature, non-existent at a commercial scale or with very efficiency for power generation.³

ENGIE would also need to clarify the share of its CAPEX dedicated to the different technologies as is it not specified what is included in the category “ Low carbon energy production”, and “Green gases” and “storage capacities such as batteries are mixed in the same category.

4. Climate planning: strategy and governance

ENGIE outlines specific decarbonization levers for its 2030 emission targets, providing stakeholders with crucial insights into the credibility of the company’s strategy. For two targets, covering absolute reductions in emissions from energy production and sold products, the contribution of the decarbonization levers is quantified. However, a third of ENGIE’s emissions are still not covered by this quantified approach. In particular, it is still unclear what main levers ENGIE will mobilize to reduce upstream emissions of the fuels it buys. This includes gas bought as LNG, for which long term contracts run as far into the future as the 2040s, and whose upstream emissions are currently incompletely reported as they don’t consider methane. Furthermore, ENGIE has not fulfilled some investors’ requests for a normalized ‘Say on Climate’ consultation; a process that provides investors with key insights on the group’s climate strategy.

5. Transparency

ENGIE has demonstrated quite high levels of transparency in the answers they provided to the questionnaire sent to utilities to assess their transition plan.

² Sustainable power technologies are defined as: wind, solar, storage, power grids, geothermal, hydropower (retrofit and upgraded), and ocean power.

³ Reclaim Finance, [The limits of \(not so\) clean energy](#), October 2023