# European court mandates inclusion of Scope 3 emissions in fossil fuel project assessments



A recent judgement by a European court has clarified an essential aspect of environmental impact assessments (EIAs) for oil and gas extraction, mandating that the greenhouse gas (GHG) emissions resulting from the combustion of fossil fuels—commonly referred to as Scope 3 emissions—must be included in these evaluations. This ruling marks a significant shift in the way fossil fuel projects are assessed, as failing to account for these emissions has previously enabled companies to green-light projects without considering their full environmental ramifications.

The court's decision builds on earlier judicial precedents, notably a January ruling by a Scottish court that overturned the UK's approvals for major North Sea oil and gas projects by Shell and Equinor. Activists contended that the permits did not sufficiently contemplate the downstream emissions stemming from the use of fossil fuels, leading to the court's conclusion that these approvals were unlawful. This ruling has prompted both companies to pause operations until a thorough reassessment can be conducted. The UK government, while keen on ensuring energy security, has recently issued new guidance to align with the upcoming legislative requirements prioritising climate impact assessments.

This legal landscape has evolved through significant advocacy efforts by climate activists. For instance, in 2019, Sarah Finch and the Weald Action Group succeeded in a legal challenge against local government decisions that approved oil drilling projects without adequately addressing the 10 million metric tons of emissions associated with burning the extracted oil. Following this landmark case, the UK Supreme Court ruled in 2024 that indirect emissions must be part of any comprehensive EIA for fossil fuel projects. Finch expressed hope that this ruling will herald a new wave of conscientiousness in evaluating the climate impacts of energy projects, pushing authorities to confront the realities of fossil fuel emissions.

However, the broader context highlights ongoing challenges within the fossil fuel industry regarding emission reductions. A recent report from Carbon Tracker has pointed out that many leading oil and gas companies have yet to establish sufficient targets aligned with the Paris Agreement, despite public commitments and a focus on reducing methane emissions. The COP29 climate summit in Azerbaijan has drawn attention to these global shortcomings, amidst record-high emissions. Shell, for example, recently celebrated a legal victory against enforced emission reduction mandates in the Netherlands, which illustrated the ongoing tension between corporate interests and environmental imperatives.

As countries grapple with the need for a balanced transition towards cleaner energy, the implications of court rulings like these are profound. The push for cleaner energy is often tempered by the need for energy security and economic stability, particularly in light of geopolitical disruptions affecting energy prices. Environmental groups continue to advocate for prioritising renewable energy investments to counteract the risks posed by fossil fuel reliance.

Going forward, the integration of Scope 3 emissions in EIAs represents not only a legal obligation but a moral imperative for the energy sector. As various stakeholders attempt to navigate the complexities of energy demands and climate responsibilities, the recent court ruling serves as a pivotal reminder of the necessity for transparency and accountability in fossil fuel extraction processes. With significant implications for the future of energy production and climate policy, it remains to be seen how industry players will respond to this evolving regulatory environment.

## Reference Map:

* Paragraph 1 – [[1]](https://carbon-pulse.com/401231/), [[7]](https://www.herbertsmithfreehills.com/notes/esg/2024-posts/supreme-court-issues-landmark-decision-requiring-assessment-of-scope-3-emissions)
* Paragraph 2 – [[2]](https://www.reuters.com/business/energy/uk-must-reconsider-shell-equinors-north-sea-gas-oil-projects-court-rules-2025-01-30/), [[3]](https://time.com/7172514/sarah-finch-climate/), [[4]](https://www.ft.com/content/60722f1c-2d4d-4e8f-bcba-90b05b3e8e91)
* Paragraph 3 – [[5]](https://www.reuters.com/business/energy/shell-wins-appeal-against-landmark-dutch-climate-ruling-2024-11-12/), [[6]](https://apnews.com/article/51e84d215df13f9c92edf84f301a673f)

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## Bibliography

1. <https://carbon-pulse.com/401231/> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/energy/uk-must-reconsider-shell-equinors-north-sea-gas-oil-projects-court-rules-2025-01-30/> - In January 2025, a Scottish court overturned the UK's approval of two major North Sea oil and gas projects by Shell and Equinor. Environmental groups argued that the approvals failed to account for downstream emissions, leading to the court's ruling that these decisions were unlawful and must be revisited. Despite ongoing work allowances, no oil or gas extraction is permitted until new approvals are granted. The ruling aligns with a previous Supreme Court decision requiring authorities to consider emissions from fossil fuel combustion, prompting the government to issue new guidance in the spring. Both Shell and Equinor emphasized the importance of these projects for UK energy security. The government aims for a balanced transition to cleaner energy while ensuring energy security, job retention, and cost reduction. Environmental groups urge the government to prioritize clean energy over fossil fuels.
3. <https://time.com/7172514/sarah-finch-climate/> - In 2019, Sarah Finch was appalled to discover that her local government in southeast England had approved an oil drilling project without considering the 10 million metric tons of emissions from burning the extracted oil. Shocked by the omission of these 'scope 3' emissions, Finch, a climate activist, decided to challenge this decision in court. Representing the Weald Action Group, she pursued legal action. In June, the U.K. Supreme Court ruled in her favor, mandating that developers must disclose scope 3 emissions for fossil fuel projects, ensuring a complete assessment of environmental impacts for decision-makers. This landmark ruling has already influenced other legal actions, leading to the cancellation of various fossil fuel projects and forcing the government to revise environmental guidelines for the oil and gas sector. Finch hopes this signifies a shift towards more conscientious evaluation of climate impacts in approving such projects.
4. <https://www.ft.com/content/60722f1c-2d4d-4e8f-bcba-90b05b3e8e91> - A recent report by Carbon Tracker reveals that fossil fuel companies are lagging in their climate action efforts, failing to set targets that align with the Paris Agreement. Despite pledges and near-zero methane targets, none of the 30 largest oil and gas producers have comprehensive strategies to reduce emissions adequately. The report comes amidst the COP29 climate summit in Azerbaijan, highlighting stalled progress as global emissions hit record highs. Concurrently, Shell's legal win against forced emission cuts and the looming uncertainty of US climate policy under a potential second Trump presidency further complicate the climate agenda. African nations face climate finance challenges, with limited private investment in green projects and rising skepticism about financial markets addressing climate needs. Authors argue for increased public investment and support from multilateral development banks for effective climate action in Africa. European countries are also reconsidering renewable energy subsidies as they navigate funding challenges for the green transition.
5. <https://www.reuters.com/business/energy/shell-wins-appeal-against-landmark-dutch-climate-ruling-2024-11-12/> - Shell has won its appeal against a 2021 Dutch court ruling that compelled the company to reduce its absolute carbon emissions by 45% by 2030 from 2019 levels. The appeals court in The Hague found that while Shell must reduce emissions to protect against global warming, the specific order to cut emissions from its products was dismissed. The decision was influenced by the complex global energy landscape and recent geopolitical events such as the Russian invasion of Ukraine, which has affected oil and gas prices and shifted priorities. Friends of the Earth Netherlands, the original plaintiffs, plan to continue their fight against major polluters but have not confirmed whether they will appeal to the Dutch Supreme Court. The judgment indicated that courts should not demand emission cuts from companies, leaving such mandates to be determined by states. Shell argues the verdict supports a balanced global energy transition and has pledged to invest significantly in low-carbon energy by 2025. The ruling coincides with the COP29 climate summit and highlights ongoing tensions over fossil fuel prominence in climate agendas.
6. <https://apnews.com/article/51e84d215df13f9c92edf84f301a673f> - A Dutch appeals court has overturned a landmark 2021 ruling that required Shell to reduce its carbon emissions by 45% by 2030 from 2019 levels. This decision is a setback for Friends of the Earth Netherlands and other environmental groups that had celebrated the original ruling. The court affirmed that Shell has a duty of care to limit emissions, but found insufficient consensus in climate science to mandate specific reduction percentages for the company. Shell welcomed the decision, emphasizing its commitment to a net-zero emissions target by 2050. Friends of the Earth director Donald Pols expressed disappointment but remained resolute in the ongoing fight against climate change, highlighting that the effort is a marathon, not a sprint. The ruling coincides with global climate discussions at a U.N. conference in Azerbaijan.
7. <https://www.herbertsmithfreehills.com/notes/esg/2024-posts/supreme-court-issues-landmark-decision-requiring-assessment-of-scope-3-emissions> - The UK Supreme Court's landmark decision in June 2024 mandates that environmental impact assessments (EIAs) for fossil fuel projects must include the assessment of downstream greenhouse gas (GHG) emissions, also known as 'Scope 3' emissions. The case involved the Weald Action Group's challenge against Surrey County Council's approval of an oil well development without considering the GHG emissions from burning the extracted oil. The Supreme Court ruled that such emissions are 'indirect significant effects' of the development and must be assessed in the EIA. This ruling has significant implications for future fossil fuel developments in the UK, requiring developers to disclose Scope 3 emissions for comprehensive environmental impact assessments.