
EU TAXONOMY DELEGATED ACTS – EUROMOT COMMENTS ON THE INCEPTION IMPACT ASSESSMENT

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EUROMOT welcomes the Commission's initiative to consult stakeholders on the Taxonomy establishment process. Such a classification system is needed in order to guide all market actors on what economic activities are sustainable and in line with the EU 2050 climate goal. At the same time, it is important to find a right balance between the objectives of environmental protection and of safeguarding the competitiveness of the EU economy. The regulatory framework should not only encourage the development of new green activities, but also the use of already fully viable technologies enabling a fast cost-effective decarbonization coupled with access to a secure, affordable and sustainable energy system. We believe that the above principles should be the basis for the future EU Taxonomy. In the following paragraphs we provide our response to some sections of the Commission's [inception impact assessment](#).

1. Section A: Context, Problem definition and Subsidiarity Check

The subparagraph "*Context*" states: "*The Taxonomy Regulation requires the Commission to adopt Delegated Acts to establish technical screening criteria.. to contribute .. to EU environmental objectives .. This initiative represents the first Delegated Act .. on climate change mitigation.. on the recommendations of the .. (TEG).*" The criteria thresholds of the March 2020 TEG Final Taxonomy report set for many activities do not reflect the state of play in the current technology development, nor the realistically foreseeable development in the coming years, and need to be reviewed. See paragraphs 2 and 4 below.

2. Section B: Objectives and Policy Options

Quote: "*..to establish technical screening criteria .. in particular with the principles in Article 14 ..*". Art.14.1(g) refers e.g. to Art.6(1a i), which takes into account the best GHG performance of the sector/industry. Own specific technology emission limits (considering pros/cons of each technology) as in IED /LCP BREF are absent. Inflexible fossil fuelled grid stability plants have to remain active (causing CO₂ emissions) when excess intermittent green energy is produced, thus curtailing renewable generation. See [the article](#) "Path to 100% Renewables for California"

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(underlining the importance of flexibility): i.e. specificities of the infrastructure sector on the average grid CO₂ intensity are not duly taken into account – EUROMOT has proposed a remedy for this by e.g. technique-specific GHG limits.

Quote “*initiative .. benefitting from the work of the TEG*”: many Final Taxonomy Report Technical Annex criteria thresholds are not in line with Article 14(e) of the Taxonomy Regulation, making reference to principles of art. 191 TFEU (e.g. “3. .. *take account of: available scientific and technical data*”) and thus need revisions: see paragraph 4 below.

3. Section C: Preliminary Assessment of Expected Impacts

Subparagraph “*Likely economic impacts*”, quote: “*The likely economic impacts of this Delegated Act..*”. A complete cost assessment seems to be still lacking: see e.g. Scrutiny Board (end text of opinion C).

E.g. CCS a fundamental assumption of the TEG report, high cost seems not assessed.

4. Section D: Evidence Base, Data collection and Better Regulation Instruments

1st subparagraph, quote: “*The Commission will benefit from the report delivered by the ..(TEG) which recommended a .. and technical screening criteria This work draws on available scientific literature , international practice ..*”. The March 2020 Final Taxonomy Report Technical Annex threshold criteria set for many activities such as “Electricity production from gas” do not reflect the state of play in the current technology development, nor the realistically foreseeable development in the coming years. On the contrary, as highlighted by EUROMOT, the report is based on assumptions on technologies that are not mature enough, and will probably not be for years to come – most notably, the CCS technology. Therefore, we believe that the EU Commission, when preparing the Delegated Act, should carefully assess together with the “Platform on Sustainable Finance”, expected to be operational in Autumn 2020, the threshold criteria set by the TEG: as described above (to be based on evidence), the overall objective should be to encourage – and not to hinder – the use of already available and viable cost-efficient low carbon alternatives needed for the Green transition of the EU economy. In particular, EUROMOT has underlined the importance of gas-fired (reciprocating) engines to enable, thanks to their flexibility and their multifuel capability, the step-by-step integration of intermittent renewables in the electricity grid.

Subsection “*Consultation of citizens and stakeholders*”: the TEG that drafted the report was almost entirely composed by representatives of financial institutions, whereas the industry sectors to which the Taxonomy would apply were not represented. Moreover, feedback provided to the Draft Taxonomy report by industry sectors in Autumn 2019 was, to a large extent, overlooked by the TEG in the final report.

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