

Brussels, 15 April 2021



Joint Statement

We, the signatories of this letter, represent sectors of major importance for European sustainability, economic development and wealth. To facilitate the move towards a climate-neutral European economy, we consider the EU Taxonomy a crucial tool. Hence, it is indispensable that its provisions are well-defined.

We acknowledge the modifications undertaken in the latest proposal of the draft Delegated Act, particularly with regard to broadening the scope of activities considered to be contributing to climate change mitigation. Yet, it suffers significant shortcomings in the way it addresses energy-related activities. That is why we urge the European Commission to implement the following recommendations. The Taxonomy should:

1. **Set evidence-based and transparent criteria.**

Given the expected major impact of the Taxonomy on the European economy, the choice of technical screening criteria in the Annexes of the Delegated Act must be transparent in terms of rationale, modelling and scientific references used. This transparency will also facilitate constructive dialogue in the coming years as the EU and stakeholders work on updating the criteria.

2. **Account for all future energy system needs through realistic thresholds and deadlines.**

To enable investments in innovation, infrastructure and technological solutions that accelerate a cost-effective and gradual path to carbon neutrality by 2050, ambitious but realistic and pragmatic criteria for the transition are needed.

During this transitional period, the criteria for transitional activities should apply:

- For investments to be eligible until 2030 at least, thus taking into account both technical and administrative factors,
- Without geographical restrictions as all countries may benefit from the quick wins associated with certain transitional activities,
- The same emission limits should apply to efficient gas-based generation, not only when switching from coal to natural gas,
- Specifically for CHP plants, emissions assessment consistently considering all useful energy, both electricity and heat, across all relevant provisions in the regulation (including Recital 44 as well as Annexes I and II).

Finally, an additional activity is needed, corresponding to electricity generated by gaseous fuels power plants ensuring the grid stability in a system with growing shares of intermittent renewable energy. This would ensure that the system benefits from the flexibility and reliability of renewable and low-carbon gas-ready plants until higher shares of these gases become available. Given the intermittent operation of such grid-stabilizing plants, a suitable threshold for this activity should refer to total annual direct GHG emissions.

3. **Ensure a level playing field for all fuels and technologies that are already available to decarbonise all sectors of the economy.**

The latest proposal of the Delegated Act risks distorting competition and forcing the market towards a limited set of low and zero emissions solutions only. The Taxonomy has to establish a real level playing field among existing clean technologies.

The criteria should set thresholds based on a life cycle emissions methodology, particularly in the categories addressing transport, where advanced biofuels and biomass fuels are currently almost excluded even if they are compliant with the Renewable Energy Directive. This is necessary to fully grasp the benefits of renewable and low-carbon energy and their ability to cut GHG emissions in a system-wide perspective.

The blending of all solid, gaseous and liquid biomass fuels should be equally allowed.

Finally, the Delegated Act should take a comprehensive and inclusive approach on all solutions that will help address climate change, securing a cost-effective pathway to carbon neutrality by 2050. The scope of the Delegated Act should be maintained on the whole energy system in transformation, including criteria to define the long-term role of renewable, decarbonised and low-carbon gases and the transitional role of natural gas. Otherwise, only focusing on green electricity and very narrowly on renewable heat and gas solutions will fail to drive the overhaul of the entire economy on the path to decarbonisation.

The signatories and their experts remain at your disposal to clarify the above suggestions and to discuss the upcoming Delegated Acts.
