

*Joint statement for*

***A Taxonomy Delivering Sustainable Growth in Europe***



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 regret that the scope of the Taxonomy “Climate Delegated Act” (DA) adopted in June 2021 did not include key economic activities in the EU energy sector, most notably natural gas-related and waste-to-energy activities. This decision might considerably delay the necessary investments which enable a sustainable transition to climate neutrality.

In the [revised Sustainable Finance Strategy](#) adopted in July 2021 (page 6), the European Commission clarified that the consideration of such activities has only been postponed, and announced that natural gas-related activities would be covered, as transitional activities, in a “Complementary Delegated Act” to be adopted after Summer 2021. We therefore take this opportunity to **reiterate our main concerns** on the way **natural gas and waste-to-energy** should, in our opinion, be addressed.

1. **Technical screening criteria should be evidence-based and realistic.** Given the expected major impact of the Taxonomy on the European economy, the choice of technical screening criteria in the Complementary DA must be transparent and realistic in terms of rationale, assumptions 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. **The role of natural gas-based electricity and/or heat generation in guaranteeing security of supply and grid stability should be duly acknowledged.** The flexibility of modern power and

cogeneration plants is a major asset towards the transition to climate neutrality, in that it ensures stability in an electricity grid increasingly based on intermittent renewable energy (solar, wind). Given the dispatchable operation of such grid-stabilising plants, suitable technical screening criterion for this activity should refer to total annual direct GHG emissions: this would best reflect and capture the actual contribution of such plants to facilitate the integration of renewable electricity, and therefore to decarbonize the whole electricity grid (additionally to efforts being made to decarbonize the individual power plants, more and more capable of running on renewable gases and hydrogen).

3. **The DA for transitional activities should provide a clear methodology for measuring cogeneration emissions.** The emissions thresholds in the DA on transitional activities for cogeneration units to be considered Taxonomy compliant and sustainable should be expressed as direct emissions of total useful energy output (including heat, power and mechanical energy), using design efficiencies as a basis. This methodological clarity will be key in ensuring legal certainty and investment security, thus facilitating the efficient switch to low carbon, renewable and decarbonised gases as they become available and affordable.
4. **Residual waste treatment should be considered a transitional activity.** The complementary delegated act would be the ideal moment to present criteria under which energy recovery from residual (non-recyclable) waste can contribute to climate change mitigation. [A legal analysis by PwC](#) showed that Waste-to-Energy can indeed be included under the Taxonomy Regulation and can make a substantial contribution to climate change mitigation.
5. **Vehicles using natural gas should be given transitional value, bearing in mind that they will be more and more fuelled with biomethane.** Natural gas is an alternative fuel in all transport modes, especially in freight and passenger road transport as well as maritime transport, thanks to lower carbon and pollutant emissions than oil products. The manufacture of gas vehicles can also qualify as a transitional activity, meeting the conditions of Article 10(2) of the Taxonomy Regulation. By design, gas vehicles can run already today on biomethane, one of the best performers in terms of carbon emissions reduction measured in a well-to-wheel approach. Already around 17% of gas used in road transport is biomethane, which represents a reduction of 40% of GHG emissions compared to conventional fuels. This share is expected to significantly grow over the upcoming years, allowing to decarbonise the fleet even further. The proposed classification will thus not hamper the development and deployment of low-carbon alternatives, nor lead to lock-in effects.

The coalition would also like to express its growing concerns over the fact that Taxonomy criteria are increasingly being used as reference points or legal basis to revise key legislations of the EU climate and energy policies within the Fit for 55 package and beyond. This goes in direct contradiction with the stated objectives of the Taxonomy, which is meant to be an informative tool only, at the destination of private investors and companies, as explained multiple times by the European Commission' services as well as European Commissioner McGuinness. This trend leads to further confusion for our industries, which are faced with contradictory signals and legal uncertainty. Our coalition is therefore calling for the European Commission to refrain from using Taxonomy criteria - that are still being agreed on - as a basis for revising EU legislation that is crucial for driving the decarbonisation of our industries.

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

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