

For a smart and sustainable EU taxonomy to deliver a cost-effective energy transition to all

The signatories to this letter welcome the EU Sustainable Finance Action Plan and its objectives to further mobilise investments to achieve Paris Agreement goals and EU climate and energy objectives. As we attach the utmost importance to a stable, certain and conducive framework for investment in the energy sector, both from the industrial, technological and the financial point of view, we believe that the Taxonomy Regulation should ensure coherence with relevant sectoral policies.

Our security and prosperity critically depend on a secure and safe energy system as well as on a stable climate. The low carbon transition is also a major opportunity to boost investment in sustainable infrastructures at a time of weak global growth.

As the work on sustainable finance cannot evolve in isolation without taking into account ongoing efforts, policies and regulatory frameworks already put in place at the EU level, we emphasise the importance of relying on robust assumptions and technical evaluations when defining the taxonomy technical screening criteria; other methods could be counterproductive and put the energy transition at risk. The future Platform on Sustainable Finance should be transparent and inclusive, and based on open and robust stakeholder dialogue with stakeholders including representatives from manufacturing and energy-intensive industries as well as energy and transport sectors.

Technologies for the production and use of renewable and clean fuel gases should be classified as eligible along with investments in solutions that replace less environmentally-sustainable solutions already in place. This approach allows for timely emissions reductions and scaling up of the decarbonisation efforts. Taking into consideration rapid technologic evolutions, the list of eligible technologies should be regularly revised in order to include new solutions and foster their scaling up.

Efforts supporting the emissions reduction across the whole gas value chain should be considered as environmentally-sustainable investments. Investments in gas infrastructure – both to the existing network and its expansion – remain crucial to achieving the global climate goals.

The above-mentioned principles aim at ensuring a holistic view of the energy system, based on true technology neutrality and being capable of obtaining timely emissions reductions. This is the only way to achieve the EU's 2030 and 2050 climate objectives whilst providing secure and affordable access to energy.

Technical Annex

In view of the COREPER II meeting planned on 25 September 2019, we would like to raise the following points:

- The EU taxonomy, especially the technical screening criteria, should be coherent with the existing EU policies, in particular the recently adopted Clean Energy Package as well as ensure a stable and clear policy environment that supports thorough implementation of legislation.
- The process underpinning the EU taxonomy should be transparent and inclusive. The TEG should disclose the assumptions and the technical evaluations underlying any proposed thresholds, including impact assessments. In the same way, the future Platform on Sustainable Finance should include representatives from the manufacturing and energy intensive industries as well as from the energy and transport sectors.
- Investments in suitable technology and activities, such as dispatchable power generation which can contribute to the energy transition and can be retrofitted, should be ensured. The taxonomy should refer to the readiness of the technology to operate with renewable and decarbonised gases as the sustainability criterion, instead of unsubstantiated thresholds.
- The use of high efficiency cogeneration, where electricity and heat/cold are simultaneously produced, should be considered an environmental sustainability criterion – in line with other EU legislation, like the Energy Efficiency Directive.
- Natural gas vehicles (NGVs) are 100% compatible with renewable gas and enable a progressive transition of the transportation system, ensuring affordability and at the same time good environmental performance. Consequently, clean vehicles, trucks and buses fuelled with natural gas, renewable gas as per the Alternative Fuels Infrastructure Directive and the latest version of the Clean Vehicle Directive, should receive equivalent treatment in the taxonomy.
- The EU taxonomy should recognise that other regions and jurisdictions may have different drivers and boundary conditions and, therefore, the proposed EU requirements may not be applicable as such globally.