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POLICY STATEMENT ON THE ADOPTION OF THE COMPLEMENTARY DELEGATED ACT ON TAXONOMY COVERING NATURAL GAS



GasNaturally welcomes the European Commission Taxonomy complementary Delegated Act recognising the key role of natural gas in the energy transition. In view of the political deliberations of the proposed act in the European Parliament and Council, we recommend the adoption of the proposal.

In view of the current challenges in global energy markets, we support the European Commission plans to diversify the natural gas supplies, and we also point out that there is a significant potential to increase domestic natural gas production in Europe (EU27+UK+Norway), which could substantially contribute to the security of supply and ensure that natural gas will continue to play a key role in the energy transition.

We should move away from higher carbon energy sources and natural gas should be the transitional fuel that will make it happen faster. A more rapid decarbonisation pathway will mean that natural gas should shift to lower gaseous fuel options around 2030, and as acknowledge by the Commission, the current infrastructure could play an important role in speeding up the deployment of hydrogen, CCUS and lower carbon gaseous fuels.

We commend the Commission decision to support the deployment of natural gas to continue displacing coal in power generation and heating, while integrating growing variable renewable electricity. We believe this is an encouraging first step on the path to achieve EU's climate goals. It is critical that gas-related activities have timely access to sustainable and transition finance so that they can fully take up their role as a powerful decarbonisation lever to accelerate the transition.

However, GasNaturally believes the Delegated Act contains key shortcomings which will impede the financing of investments into natural gas-fired power generation. Future reviews of the technical screening criteria in the taxonomy will be critical to address these shortcomings, which include:

-  Lack of full recognition of the role of gas in the energy transition, not just in replacing coal in baseload power generation, but also in supporting the deployment of intermittent renewable energy in the power sector by balancing the grid.
-  A threshold of 270g CO₂e/kWh electricity generated, well below the direct emissions threshold of 340g CO₂e/kWh necessary to include the financing of investments of even the most efficient combined cycle natural gas fired power plants.

Going forward, GasNaturally encourages the EU co-decisionmakers to adopt a regulatory framework that enables gaseous solutions to deliver on the needs of the EU's energy supply and security and its climate ambitions. At the same time, prospective reviews of the Taxonomy Regulation should





consider widening the scope to low-carbon, recycled, and renewable gases in off-grid areas and for all their uses beyond gas-fired power generation.

Our own ambition is to enable the EU's decarbonisation in the coming decades – both in hard-to-abate sectors and in sectors where a mix of solutions will provide more cost-effective decarbonisation pathway to 2050. Renewable and low-carbon gases provide key solutions to decrease CO2 emissions in an affordable manner and as such support a green and just energy transition.

GasNaturally is a partnership of eight associations from across the whole gas value chain. Our members are involved in gas exploration and production, transmission, distribution, wholesale and retail operations, as well as gas in transport.



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