



TO: Ms Ursula von der Leyen
President of the European Commission

CC: Mr Valdis Dombrovskis
European Commission Executive Vice-President for An Economy that Works for People

Mr Frans Timmermans
European Commission Executive Vice-President for the European Green Deal

Ms Mairead McGuinness
European Commissioner for Financial Services, Financial Stability and the Capital Markets Union

Ms Kadri Simson
European Commissioner for Energy

Brussels, 20 January 2022

Dear Madam President,

A draft version of the long-awaited Delegated Act (DA) with Technical Screening Criteria for nuclear energy and natural gas to the Taxonomy Regulation has been made public at the end of last year. While the European Commission's proposal meets many expectations, we believe it should provide a greater balance between ambitious goals and technological challenges.

In Member States with different starting points, the 55% emissions reduction target requires faster deployment of renewable energy sources by 2030. Natural gas-power plants can enable a much higher integration of intermittent renewables into our energy system by providing essential back up as well as ensuring grid balance, reliability and stability. At the same time, district heating with highly efficient natural gas cogeneration presents the most feasible solution in some EU countries in the foreseeable future. Moreover, both nuclear and highly efficient natural gas generation and cogeneration, as stable sources of energy production, can facilitate phasing-out of solid fossil fuels-based units, therefore improving air quality in Europe and significantly reducing GHG emissions.

Should the technical screening criteria of Taxonomy set unfeasible limits and requirements, ongoing transition efforts towards the European Union's climate neutrality by 2050 will be undermined. The overall cost of the energy transformation will be increased, extending the energy prices beyond what is affordable and acceptable for consumers.

We therefore call on the Commission to recognise the significant regional differences between Member States and limit the energy poverty across Europe. It is all the more urgent and important in the context of energy prices spike this winter. An appropriately designed Taxonomy DA should allow for swift replacement of coal with natural gas as an enabling and



transitional solution, where other options are limited, and nuclear build-up to help regions currently dependent on solid fossil fuels with their transformation in the coming years.

In order to do so we would recommend the following set of amendments to the draft Delegated Act to the Taxonomy Regulation:

1. The readiness for co-firing of a very high share of renewable and low-carbon gases as proposed in Chapter 4.30 item vi. and Chapter 4.31 item vi. is technologically not feasible for most industrial users and local utilities. Those criteria assume that the facility demonstrates compatibility with co-firing of low carbon gaseous fuels and there are effective plans or commitments, approved by the management body, to use at least 30% of renewable or low-carbon gases as of 1 January 2026, at least 55% as of 1 January 2030, and to switch to renewable or low-carbon gases by 31 December 2035. These requirements are not linked to any feasible projections related to the availability of these gases. Currently their share in the consumption of gases in the EU is below 5%. According to the Impact Assessment accompanying the 55% Climate Target Plan, this share will still be marginal in 2030 and will only rise to more than 50% in 2050. Additionally, renewable and low-carbon gases will not be available on the same scale in each country and their availability will vary among different regions. However, as co-generation plants operate on a local scale, a locally varying scale of these gases will impact the ability of these plants to fulfil the above mentioned condition. Therefore, any commitment to use certain amount of renewable and low-carbon gases should not be binding but refer rather to intent or duty of care.
2. The criteria set out in Chapter 4.30 items v. (the production capacity of the facility should not exceed the capacity of the replaced facility) and viii. (the refurbishment of the facility should not increase production capacity of the facility) as well as the same criteria in Chapter 4.31 items vi. and viii. should refer to heat output. Due to the change in the technological process when replacing coal sources with gas sources with higher efficiency, the electric capacity will be greater than in the case of the current units, as well as the total electric and thermal capacity. Therefore, it is key to specify in the above items that it is heat output, otherwise this condition will not be met.
3. The wording of criteria set out in Chapter 4.29 items iii-iv, Chapter 4.30 items iv-v as well as Chapter 4.31 items iv-v b) v. is not sufficiently precise. It is not clear whether new facility could replace only one facility or could replace more facilities. In order to attain the objective of GHG emissions reduction the replacement should refer to the whole system, especially heating and cooling system. Only such a system-based approach will stimulate investment on a large scale, while allowing for necessary flexibility.
4. The level of emissions reduction required in Chapter 4.30 item vii. and Chapter 4.31 item viii. should be adjusted downwards. A 55% GHG reduction per kWh does not refer to the existing technology. In case of replacing hard-coal cogeneration with natural gas-fired cogeneration the achievable level of GHG emissions reduction is equal to 40%.¹ It is crucial

¹ See: Table A.III.2 of Annex III: Technology-specific cost and performance parameters. In: Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change



for the Taxonomy Regulation to also support the installations with as much as 40% GHG reduction potential.

We would kindly like to ask you to take into account all our proposals while preparing the final Delegated Act with Technical Screening Criteria for nuclear energy and natural gas to the Taxonomy Regulation. We firmly believe that our suggestions above represent a solid basis for obtaining a stable majority in the European Parliament for the Delegated Act - so important and needed to ensure affordable electricity and heat prices for our citizens, industry and SMEs, to accelerate just energy transition and to meet EU's 2030 and 2050 climate goals. Let us not miss this opportunity.

We look forward to working further with you on this strategic legislation.

Yours sincerely,

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