

Bellona Europa Response to the Inception Impact Assessment on the “Commission Delegated Regulation on a climate change mitigation and adaptation taxonomy”

The European Commission’s dedication to a timely finalisation of the planned delegated acts on climate change mitigation and adaptation is commendable in challenging and uncertain times. The final TSCs as included in the delegated acts will define the future role and uptake of the taxonomy, and above all its ability to direct capital to sustainable investment projects. We therefore urge the European Commission to stay true and as close as possible to the recommendations as outlined by the TEG, with particular Bellona Europa recommendations as outlined below.

We also urge the European Commission to take note of the latest TEG recommendation from 27th of April calling for the Taxonomy to guide European private and public recovery plans post COVID-19.

Technical Screening Criteria Recommendations

It is Bellona Europa’s strong recommendation that the Commission sticks to the single **technology-neutral threshold** covering all technologies of 100gCO₂e/kWh as outlined by the TEG recommendations. This will ensure that unabated natural-gas fired power generation are not seen as sustainable under the taxonomy, and importantly prevent lock-in of assets through investments in accompanying infrastructure.

As a long-time advocate for a just transition for all, closely working with the scientific community to ensure achievable outcomes for industrial decarbonisation for decades, Bellona Europa strongly supports the inclusion of CCS as an enabler for reaching the set threshold. This includes the installation of CCS technology being seen as taxonomy eligible once the screening criteria has been met. The science remains clear: deep decarbonisation is not attainable without access to CO₂ transport and storage at a large scale.

On the issue of the inclusion of CCU technologies in the taxonomy, we recommend that strict sustainability criteria accompany any such inclusion. A full cradle-to-grave LCA of CCU products, including origin of their carbon content, indirect emissions from electricity use and all processing and end-of-life emissions must be considered during their preliminary impact assessment. These recommendations are in line with the “LCA4CCU” report commissioned by DG ENER¹. To ensure the credibility, future uptake and legitimacy of the taxonomy, there can be no room for greenwashing or creative accounting practices, especially when considering technologies which haven’t gone through rigorous scientific scrutiny to prove their contribution to climate change mitigation.

Keeping in mind the TEG’s outlined recommendation for future considerations by the platform on sustainable finance, it is Bellona Europa’s clear intent to apply for membership to the

¹ DG ENER, March 2020, Document reference: LCA4CCU001

platform, to offer expertise and important insight on how to ensure real emission reduction and keep the taxonomy credible and free from loopholes or greenwashing potential.

Caution when addressing introduction of “Brown Taxonomy”

With the stated aim of redirecting much needed investment to sustainable projects and economic activity, Bellona Europa recommends that the European Commission shows caution when it comes to an early inclusion of a “Brown Taxonomy”. Although there might be a role to play for such a “Brown Taxonomy” in the future, it should be accompanied by a strong legal framework not only reflecting the climate related costs of “Brown Taxonomy” economic activities, but also introducing clear economic consequences for such activities. If introduced at the early stages of the taxonomy’s life-span, the creation of a “mid-category” of seemingly “less-harmful” economic activities neither included in the “Brown” nor Sustainable Taxonomy could have detrimental effects. Enjoying a European Commission stamp-of-approval as “non-harmful” or “less-harmful” to the current ambition of a climate-neutral Europe by 2050 – a notion not in line with the needs for emissions reduction or aim of the taxonomy - in effect disincentive redirection of investments from the mid-category to sustainable investments. Potentially also redirecting investments to the “mid-category” which would otherwise have been directed to sustainable investments. Taking the current situation of COVID-19 and the Commission’s stated dedication to a sustainable recovery into consideration, it is all-the-more important to facilitate a sustainable just transition *and recovery* for all. Now more than ever we need to encourage investment and cannot afford investment laying idle in less-than sustainable projects and activities. We believe that an inclusion of a “Brown Taxonomy” at this stage, where a large-scale uptake and usage of the taxonomy is vital for its intended effect, would reduce the legitimacy and credibility of the taxonomy and in its extreme consequence be seen as a tool for greenwashing in providing “less-than-sustainable” economic activities with a stamp of “doing no harm”.