

Call for feedback on TEG report on EU Taxonomy

Fields marked with * are mandatory.

Introduction

Disclaimer:

This call for feedback is part of ongoing work by Directorate-general for financial stability, financial services and capital markets union, Directorate-general for environment, Directorate-general for climate action and Directorate-general for energy on sustainable finance, for which the European Commission has set up a dedicated Technical expert group (TEG).

This feedback process is not an official Commission consultation or document nor an official Commission position. Nothing in this feedback process commits the Commission nor does it preclude any policy outcomes.

In March 2018 the European Commission published its action plan: financing sustainable growth. Action 1 of the Commission's action plan calls for the establishment of an EU classification system for sustainable activities, or Taxonomy. The European Commission followed through on this action in May 2018 with a proposal for a regulation on the establishment of a framework to facilitate sustainable investment (taxonomy regulation).

In addition, a technical expert group on sustainable finance (TEG) was set up by the European Commission in July 2018 to assist in with the implementation of four key actions of the action plan, including the development of an EU taxonomy.

Within the framework of the proposed taxonomy regulation, the TEG has been asked to develop recommendations for technical screening criteria for economic activities that can make a substantial contribution to climate change mitigation or adaptation, while avoiding significant harm to the four other environmental objectives:

1. sustainable use and protection of water and marine resources;
2. transition to a circular economy, waste prevention and recycling;
3. pollution prevention control; and (4) protection of healthy ecosystems.

On 18 June 2019, the TEG published its [technical report on EU taxonomy](#). The report sets out the basis for a future EU taxonomy in legislation. The report contains:

- technical screening criteria for 67 activities across 8 sectors that can make a substantial contribution to **climate change mitigation**;
- a methodology and worked examples for evaluating substantial contribution to **climate change adaptation**;
- guidance and case studies for **investors preparing to use the taxonomy**.

This report builds on the [work that the TEG published in December last year](#) together with a call for feedback on the proposed criteria for these “first round” activities. The TEG has also engaged with over 150 additional experts in the past months to develop technical screening criteria for the ‘second round’ of climate change mitigation activities and climate change adaptation activities.

In addition to its technical report, the TEG has also published a [supplementary report on using the taxonomy](#). This provides investors and companies with a concise and clear explanation of why the taxonomy is needed, what it looks like, and its ease of use.

Call for feedback

The TEG is inviting stakeholders to provide feedback on (parts of) its technical report through the online [questionnaire](#).

Because of technical problems, the deadline for providing feedback is **extended at least until Monday 16 September 2019 23:59**. If the technical problems persist, a further extension will be considered.

In the online questionnaire, you will be able to select on which parts of the report you want to provide feedback to, including a selection of the 67 individual activities that make a substantial contribution to climate change mitigation and the different elements of each activity.

When responding to these questions please refer to the requirements for technical screening criteria as outlined in Article 14 of the proposed Taxonomy regulation and the principles for developing criteria as used by TEG and explained in the Technical report on Taxonomy.

Please note that if you propose new boundaries, metrics or thresholds for an activity, you are requested to also provide additional information on the Do No Significant Harm assessment that might be affected by your proposal.

Please select the elements of the activity to which you would like to provide feedback:

- Boundary of the activity
- Metric for substantial contribution criteria
- Threshold for substantial contribution criteria
- Do no significant harm criteria
- International applicability of activity criteria

When responding to these questions please refer to the requirements for technical screening criteria as outlined in Article 14 of the proposed Taxonomy regulation and the principles for developing criteria as used by TEG and explained in the Technical report on Taxonomy.

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Electricity, gas, steam and air conditioning supply - Storage of Energy

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1. Should the boundaries, as set for the purposes of applying principles, metrics and thresholds of the activity, be different?

- Yes
- No

If yes, why and how?
Please provide a brief rationale for the proposed change as well as links to published journals or articles as evidence.

Explanation:

3000 character(s) maximum

As the impact of new sources of energy like the so called "neutral" gas or clean gas could impact a share of banks' green investments and financing in local and regional "pure green" renewable energies and the achievement of GNP objectives of the banks' green growth strategy, the European Association of Co-operative Banks would like to provide some comments on the "Electricity, gas, steam and air conditioning supply - Storage of Energy" part of the consultation on the TEG report on taxonomy.

The taxonomy defines a threshold limit of 100gCO₂e but does not propose any methodology to measure this value.

- Reference is made to a life cycle emissions (LCE) methodology that does not yet exist and should be developed.

- A guide on LCE methodologies based on ISO 14025, 14044 and 14067 standards is reportedly being developed but does not yet exist.

In the absence of a clear, reliable and complete methodology, the results of the quantification of GHG emissions by the different processes studied would be subject to doubts and could also lead to different values depending on who performs the calculation.

Links to evidence:

1000 character(s) maximum

2. Should a different metric be used?

- Yes
- No

If yes, why and how?
Please provide a brief rationale for the proposed change as well as links to published journals or articles as evidence.

Explanation:

3000 character(s) maximum

It is imperative to refer this methodological guide also to the ISO 14064 standard on the quantification of GHG emissions for a standardized measurement of GHG emissions.

Links to evidence:

1000 character(s) maximum

3. Should the threshold be different?

- Yes
- No

If yes, why and how?
Please provide a brief rationale for the proposed change as well as links to published journals or articles as evidence.

Explanation:

3000 character(s) maximum

The taxonomy defines a threshold limit of 100gCO₂e and must take into account the analysis of environmental impacts (mentioned in paragraph 3): eutrophication, acidification, oxidation et cetera.

Links to evidence:

1000 character(s) maximum

4. For the objectives where DNSH criteria have been identified, should these criteria be different?

- Yes
- No

I f y e s , w h y a n d h o w ?
Please provide a brief rationale for the proposed change as well as links to published journals or articles as evidence.

Explanation:

3000 character(s) maximum

The Life cycle emissions (LCE) methodology to which the taxonomy refers for this activity, to be relevant to the green nature of investment in Carbon Capture and Storage (CCS), must include at least:

- the emissions to be quantified (direct or indirect as defined in ISO 14064);
- all GHGs listed in the Kyoto Protocol in addition to CO₂, including methane (the threshold value is expressed in CO₂e units);
- the reference period to be taken into account,
- Analysis of other environmental impacts (mentioned in paragraph 3, i.e. eutrophication, acidification, oxidation, etc.).

On the other hand, the air conditioning activity is mentioned but does not seem to be treated. It is not known whether this activity is to be analyzed by the electrical energy consumed (indirect emission) or by the refrigerant gases that make up this activity under the Kyoto Protocol for GHGs (and the Montreal Protocol for the protection of the O₃ layer).

Links to evidence:

1000 character(s) maximum

5. Are there any additional objectives where DNSH criteria need to be identified to avoid significant harm?

- Yes
- No

If yes, why and how? Please provide a brief rationale for the proposed change as well as links to published journals or articles as evidence.

Explanation:

3000 character(s) maximum

In the LCE methodology to which the taxonomy refers for this activity, to be relevant to the green nature of investment in CCS, must include a specific point:
- the overall scope of the value chain (capture, transport, storage) including the downstream use of CO2 such as Carbon Capture Utilization (CCU) or Enhanced Oil Recovery (EOR) activities.

The exclusion of CCS-EOR guarantees that other CCS activities will have a pro-climate green purpose. This exclusion leaves a very broad scope of the CCS taxonomy on the use of carbon storage activities for industrial and combustion activities.

We caution that setting a threshold without providing guidance on how to measure it consistently and without defining the scope of measurement would open the door to a lack of confidence and transparency in the results achieved. This can divert the use of CO2 storage technology to enhance CO2-emitting activities such as EOR.

Links to evidence:

1000 character(s) maximum

6. Can the proposed criteria for substantial contribution and DNSH be used for activities outside the EU?

- Yes
- No

If not, please propose alternative wording that could be considered and a brief rationale for the proposed change.

2000 character(s) maximum

All the LCE methodology to which the taxonomy refers for this activity must be ensured that these are indeed complied with since they are based on international ISO standards. A certification on the respect of the ISO 14064 standard and possibly also the absence of downstream use of CCS on EOR uses are to be enforced by Europe.

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