

Webinar Series



European
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Climate Bonds INITIATIVE

EU Taxonomy Explored: Talks with TEG Experts

Low Carbon Transport

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Scope of Activities Covered

	Land transport					Water transport	
	Cars & vans	Trucks	Railways	Public transport (urban)	Inter-urban (buses and coaches)	Inland Waterways	Marine Transport
Passenger transport fleets	X		X	X	X	X	
Freight transport fleets	X	X	X			X	
Low carbon infrastructure	X					X	X (partially)

Technical screening criteria developed for **substantial contribution** to climate mitigation, and **Do No Significant Harm (DNSH)** to other environmental objectives

Mitigation in Transport Operations & Enabling Activities



Substantial Contribution in <u>Transport Operations</u>		
Mitigation Option	Reference Section in EC Long Term Strategy	Taxonomy Approach
Low- and zero emission vehicles, vehicle efficiency	4.4.1.1	Eligibility of zero direct emissions fleets and low carbon fleets (<i>reference to CV Directive and LDV/HDV CO₂ Regulations for criteria on road vehicles</i>)
The use of alternative and net-zero carbon fuels	4.4.1.2	Eligibility of fleets exclusively using advanced biofuels and renewable e-fuels in certain modes (<i>reference to RED 2 for criteria on fuels</i>)
Improving the efficiency of the transport system	4.4.1.3	Encouraging modal shift through consistent threshold approach across modes (a greater proportion of rail, public transport and inland waterway operations are eligible because of lower carbon intensity therefore facilitating investment in these modes)

Summary of Substantial Contribution Criteria: Fleets

- Thresholds based on tailpipe emissions
- Consistent thresholds for passenger and freight transport linked to road transport legislation
 - Need to think of transport system as a whole i.e. encouraging modal shift through investment in modes where it is easier to meet thresholds
- **Key criteria:**
 - Zero direct emissions fleets automatically eligible
 - Passenger transport: <50gCO₂/km (cars) or <50gCO₂e/passenger-km (other modes)
 - Freight transport: CO₂ emissions are less than 50% of reference CO₂ emissions for trucks. Threshold applied across other modes (converted to tkm metric)
- Transition period to 2025 – in most activities, will change to zero direct emissions only after that point, and review at that point for other activities
- Biofuels & E-fuels included in certain modes – fleets dedicated to use of advanced biofuels, with verification requirements

Summary of Substantial Contribution Criteria: Infrastructure

- Covers land and water transport infrastructure
- Consistency with criteria for fleets
- **Key Criteria:**
 - Infrastructure supporting zero direct emissions fleets eligible e.g. EV charging points
 - Active mobility infrastructure and equipment eligible (e.g. walking, cycling)
 - Infrastructure that is predominantly used for low-carbon transport if the fleet that uses the infrastructure meets the thresholds for fleets e.g. <50gCO₂e/pkm for rail
 - Only infrastructure that is fundamental to the operation of the transport service is eligible.
 - Infrastructure that is dedicated to the transport of fossil fuels or blended fossil fuels is not eligible

Substantial Contribution Example – Cars and Vans

Sector classification and activity	
Macro-Sector	H - Transport and storage
Description	Passenger cars, light commercial vehicles and category L vehicles (this includes all M1, N1 and L category vehicles including where applicable NACE 49.32, 53.10, 53.20, 77.11)
Mitigation criteria	
Principle	Demonstrate substantial GHG emission reduction by: <ul style="list-style-type: none"> - Increasing the number of low- and zero emission vehicles, and improving vehicle efficiency
Criteria	<p>CO₂ emissions per vehicle kilometre (gCO₂/km).</p> <p><u>For passenger cars and light commercial vehicles:</u></p> <ul style="list-style-type: none"> • Zero tailpipe emission vehicles (incl. hydrogen, fuel cell, electric). These are automatically eligible. • Vehicles with tailpipe emission intensity of max 50 g CO₂/km (WLTP) are eligible until 2025. • From 2026 onwards only vehicles with emission intensity of 0g CO₂/km (WLTP) are eligible.

Do No Significant Harm Example – Land Transport Infrastructure

Do no significant harm assessment	
(2) Adaptation	<ul style="list-style-type: none"> Refer to the screening criteria for DNSH to climate change adaptation.
(3) Water	<ul style="list-style-type: none"> Identify and manage risks related to water quality and/or water consumption at the appropriate level. Ensure that water use/conservation management plans, developed in consultation with relevant stakeholders, have been developed and implemented. In the EU, fulfil the requirements of EU water legislation.
(4) Circular Economy	<ul style="list-style-type: none"> Re-use parts and use recycled material during the renewal, upgrade and construction of infrastructure. At least 80% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material defined in category 17 05 04 in the EU waste list) generated on the construction site must be prepared for re-use, recycling and other material recovery, including backfilling operations using waste to substitute other materials. This can be achieved by executing the construction works in line with the good practice guidance laid down in the EU Construction and Demolition Waste Management Protocol³⁵⁴.
(5) Pollution	<ul style="list-style-type: none"> Minimise noise and vibrations from use of infrastructure by introducing open trenches/ wall barriers/ other measures and comply with the Environmental Noise Directive 2002/49/EC Minimise noise, dust, emissions pollution during construction / maintenance works.
(6) Ecosystems	<p>Infrastructure for low carbon transport is land use intensive and is a major factor of ecosystem deterioration and biodiversity loss. Projects should ensure that:</p>

- Environmental Impact Assessment (EIA) has been completed in accordance with EU Directives on Environmental Impact Assessment (2014/52/EU) and Strategic Environmental Assessment (2001/42/EC) or other equivalent national provisions.
- Such impact assessments should, at the very least, identify, evaluate, and mitigate any potential negative impacts of the designated activities, projects, or assets on ecosystems and its biodiversity and should be assessed and conducted in compliance with the provisions of the EU Habitats and Birds Directives.
- Invasive plants are appearing very often along transport infrastructure and are sometimes even spread due to transport infrastructure, which might negatively impact natural ecosystems (e.g. natural fauna). Care should be taken not to spread any invasive plants through proper maintenance.
- Wildlife collisions is a problem and should be considered. Solutions developed for should be applied for the detection and avoidance of potential traps that may cause the unnecessary death of animals.
- Mitigation options exist and different types of measures can be beneficial for wildlife, such as:
 - Wildlife warning systems combined with heat sensors can reduce the number of collisions.
 - Fences along areas with high strike risk.
 - Viaducts, tunnels, overpasses and bridges, etc.
 - Warning signals that are triggered by approaching traffic, particularly in areas of high strike risk.

Download the report

https://ec.europa.eu/info/publications/sustainable-finance-teg-taxonomy_en



Summary Report

- Guidance for investors and companies



Technical Annex

- Detailed criteria with detailed rationale



Taxonomy spreadsheet

- Tables for economic classification systems

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