

Webinar Series

EU Taxonomy Explored: Talks with TEG Experts Electricity & Energy Generation



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Webinar 3:
Thursday
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Production of Electricity



100 gCO₂e/kWh, declining to 0 by 2050.

Technology agnostic

Threshold reduced every 5 years in line with a trajectory to zero net-CO₂e in 2050.

LCE analysis *is derogated for:*

- Solar photovoltaic (PV)
- Wind power
- Existing hydropower *in the EU*
 - Investments which improve capacity of a hydro facility, without enlarging reservoir
- Existing geothermal *in the EU*
- Ocean energy
- Concentrated solar power (CSP)

- Product Carbon Footprint assessment (ISO 14067 or GHG Protocol Product Lifecycle Standard)
 - New hydro & geothermal
 - Fossil fuels
 - Bioenergy

Implications:

- *Solid Fossil Fuels are excluded from the Taxonomy*
- *Gas with CCS might meet the threshold.*
- *Mixed molecules – e.g. gas with hydrogen – will need to meet the threshold*
- *Measurement of fugitive emissions is required*
- *For activities which go beyond 2050, it must be technically feasible to reach net-zero emissions.*
- *Nuclear is currently excluded on DNSH grounds*

Electricity Transmission and Distribution



All electricity transmission and distribution infrastructure or equipment in Systems which are on a trajectory to full decarbonisation* are eligible, except for:

- infrastructure that is dedicated to creating a direct connection, or expanding an existing direct connection between a power production plant that is more CO₂ intensive than 100 gCO₂e/kWh, measured on a LCE basis, and a substation or network.

A System is deemed to be on a trajectory to full decarbonisation if either:

- More than 67% of newly connected generation capacity in the System is below the generation threshold value of 100 gCO₂e/kWh measured on a PCF basis, over a rolling five-year period; or
- The average System grid emissions factor is below the threshold value of 100 gCO₂e/kWh measured on a PCF basis, over a rolling five-year average period.

Other energy activities

Cogeneration – 100g CO₂e/kWh for heat and electricity, reducing every 5 yrs.

District Heating and Cooling – Must comply with EU Energy Efficiency Directive (50% Renewable or Waste heat or 75% Cogen heat, or 50% combination of all three)

Storage:

- **Hydrogen storage** – Construction of infrastructure to store hydrogen is eligible

- **Electricity storage** – All electricity storage activities eligible – except facilities which store hydrocarbons

Production of Biomass, Biogas and Biofuels – Only feedstocks listed in Part A of Annex 9 EU REDII eligible

Retrofit of Gas Networks for hydrogen or CCS

- Investment which enable network **to increase blend of hydrogen or low carbon gas** in gas system.
- Pipeline repairs *IF* **pipelines are hydrogen-ready**.
- No gas network *expansion* is eligible

Carbon Capture and Storage

If it enables the respective economic activity to operate under its 100gCO₂e/kWh threshold.

- Captured CO₂ has to go to a qualifying CO₂ transportation operation & permanent sequestration facility.
- Transport of CO₂: <0.5% leakage/tonne of CO₂ transported from head of pipeline to delivery.
- Upgrade of existing pipelines to enable transport of CO₂.
- Operation of a permanent CO₂ storage facility (compliant with DNV Storage Certification Framework, based on ISO 27914:2017 for geological storage of CO₂).

Do No Significant Harm (DNSH) requirements energy

Adaptation	<p>The economic activity must reduce all material physical climate risks to that activity to the extent possible and on a best effort basis.</p> <p>- AND –</p> <p>The economic activity and its adaptation measures do not adversely affect the adaptation efforts of other people, nature and assets.</p> <p>- AND –</p> <p>The reduction of physical climate risks can be measured.</p>
Ecosystems	<p>EIA has been completed in accordance with EU Directives in Environmental Impact Assessment and Strategic Environmental assessment</p>
Biodiversity	<p>Site Level Bio-diversity plans</p>
Water	<p>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.</p>

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

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Summary Report

- Key concepts
- Guidance for investors and companies



Technical Annex

- Detailed criteria with detailed rationale
- Mitigation + Adaptation + DNSH



Taxonomy spreadsheet

- Criteria in summary form
- Tables for economic classification systems

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