

Brussels, 24 April 2020

Position of the Polish Electricity Association on the Inception Impact Assessment of the Commission Delegated Regulation on climate change mitigation and adaptation taxonomy

The Polish Electricity Association (PKEE) supports the idea of establishing the taxonomy and technical screening criteria in order to ensure transparency and to provide a framework for private investors, public institutions and market participants. The main goal of the taxonomy must be to ensure the best investment framework allowing a sustainable transition towards low-carbon economy.

The taxonomy and the relevant technical screening criteria established in the delegated acts under the draft Regulation of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation) should be technology neutral so as not to exclude enabling and transitional activities, which reduce the negative impact on the environment in comparison to activities, which are not regarded as sustainable. Transitional energy sources and bridging technologies, such as generation sources based on natural gas should be important elements of energy transformation, significantly reducing emissions. Nuclear energy should also play an important role in this transformation.

Metrics and thresholds

The metric for life-cycle engineering (LCE) proposed by the Technical Expert Group (TEG) in its final report on the taxonomy¹ is a step in the right direction, yet there should be no exemptions from the LCE assessment for any kind of technology. This approach should be more consistent among different technologies and provide relevant thresholds where possible in order to facilitate comparability between different technologies.

The PKEE postulates that the proposed Emission Performance Standard (EPS) should apply to the entire value chain, not to the power generation activity only. In such a case, the threshold proposed in the technical annex to the TEG final report on the EU taxonomy should be respectively adjusted. Setting the EPS at the proposed level will exclude technologies that may be useful for the transformation of the power sector and may be necessary to back up the development of renewable energy sources.

¹ EU Technical Expert Group on Sustainable Finance, *Taxonomy: Final Report of the Technical Expert Group on Sustainable Finance – Technical Report*, Brussels, 09.03.2020, https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy_en.pdf

Gas-fired electricity and heat generation

The list of environmentally sustainable investments should include all types of economic activities that can significantly reduce the negative anthropogenic impact on the environment. All activities should be evaluated based on their overall contribution to the current and future climate goals as well as on their impact on maintaining the security of supply. This may require a flexible setup for transitional energy sources and bridging technologies such as CCGT and gas-fired CHP, complying with CO₂ emission limits for participation in capacity markets from Article 22 of the Electricity Regulation². Gas-fired units are needed to ensure the security of supply and back-up of RES development (balancing of the system) and therefore should be considered as meeting the requirements for transitional activities.

Only an evolutionary, cost-efficient and fair pathway of energy transition should be taken to make a substantial contribution to climate change mitigation on the EU level. Natural gas technologies should be regarded as sustainable, especially taking into account a significant share of fossil fuel-based energy generation in some Member States (i.a. Germany, Poland, Czechia, Greece, and Estonia).

Transmission and distribution of electricity

All investments in electricity grid infrastructure (both at the transmission and distribution levels) should be defined as sustainable to support further electrification and transition towards carbon-neutral economy. These investments should be eligible, even in systems that are not fully decarbonised yet. We would like to point out, that the classification of infrastructure proposed by the TEG and based on the emissivity of the connected generators does not seem appropriate. Transmission and distribution system operators are mostly strictly regulated entities and therefore are required to connect generators to the grid if certain criteria are met. System operators do not have a possibility to influence the level of emissions.

Retrofit of gas transmission and distribution networks

Investments in gas networks should also be included in the taxonomy if they are supplying high-efficiency natural gas-fired units. Such investments are required to ensure the security of supply in order to support a cost-efficient energy transition.

Nuclear energy

Nuclear energy should be included within the taxonomy. The important role of nuclear energy in decarbonising the EU economy is recognised in the Long-Term Strategy of the European Commission³. The document foresees that nuclear share in 2050 will remain similar across all scenarios (12-15%, compared to 18% in the 2030 projection and 26% in 2015). It should also be noted that nuclear energy can serve as a major instrument

² OJ L 158/54 Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0943&from=EN>

³ A Clean Planet for all - A European strategic long-term vision for a prosperous, modern competitive and climate neutral economy

of decarbonisation in EU Member States, especially those which rely heavily on coal. Nuclear energy can enable their energy transition, providing security of supply and a stable energy system.

Post-mining and post-production sites reclamation

Investments in restoration and reclamation of post-mining and post-production sites should be included in taxonomy. The PKEE believes that phase-out of fossil fuel-based energy generation will be associated with releasing significant areas from mining and energy generation sites. Above mentioned investments are examples of economic activities for both climate change mitigation and adaptation.