ZEP RESPONSE TO ROADMAP ON SUSTAINABLE FINANCE

ZEP is a European Technology and Innovation Platform (ETIP) under the Commission's Strategic Energy Technology Plan (SET-Plan), and acts as the EU's technical adviser on the deployment of Carbon Capture and Storage (CCS), and Carbon Capture and Utilisation (CCU).

Policy harmonisation

Reaching net-zero greenhouse (GHG) emissions by 2050 will prove to be an unprecedented challenge for European citizens, regions and industries. The transition towards a low-carbon European economy will require the development and large-scale deployment of all readily available low-carbon technologies, such as CCS and CCU technologies. Public and private investments will be needed to preserve existing jobs across key industrial value chains while creating new ones and to ensure that European regions and industries remain competitive while decarbonising.

To this end, the alignment of the delegated acts and the Taxonomy Regulation with other European legislation will be critical to ensure the objectives of the Regulation are realised and sustainable growth in the EU is achieved.

Technical comments

ZEP commends the approach developed by the Technical Expert Group (TEG). Specifically, ZEP is pleased that CCS is acknowledged as a sustainable economic activity that delivers effective climate change mitigation and can help to decarbonise industrial and energy activities, for instance by enabling the production of low-carbon hydrogen. Additionally, ZEP welcomes the acknowledgement of the role of CCS in relation to Direct Air Capture, which will be required to capture and store residual emissions.

ZEP supports the inclusion of all CO2 transportation modalities finalised to permanent geological storage as outlined in the annex to the TEG Report. This should be preserved in the delegated acts, as it will enable the development of a European, shared CO2 transport and storage infrastructure, unlocking the long-term mitigation effects of CCS. Furthermore, this will enable large-scale negative emissions when combined with carbon removal technologies.

Regarding the manufacturing of hydrogen from natural gas with CCS, it is important that the delegated acts confirm the proposed threshold for direct CO2 emissions to enable the cost-efficient production of large-scale quantities of low-carbon hydrogen in Europe, ultimately leading to a clean hydrogen economy. Nevertheless, this threshold should decrease progressively in time to be compliant with the target of net-zero GHG emissions by 2050. Secondly, the third threshold for hydrogen manufacturing is clearly discriminating and not technology neutral. It would effectively exclude all electricity grid connected manufacturing sites and thus negatively impact the action required to deliver

climate goals. ZEP believes that it is redundant as the first threshold delivers the environmental benefit.

Finally, ZEP supports the eligibility of retrofitting of gas transmission and distribution networks for CO2 and hydrogen transportation as a sustainable economic activity. This outcome should ensure and support the development of a cross-border CO2 transport and storage infrastructure.

ZEP stresses that these developments are essential for a just transition towards net-zero GHG emissions by 2050.

CCU, BECCS, DACCS and waste-to-energy

With regards to CCU, ZEP notes that the TEG deferred the matter to the Platform on Sustainable Finance for future deliberation. ZEP notes that, if scientific evidence in support of CCU resulting in real climate change mitigation is provided in the future, the technical screening criteria should be adjusted accordingly.

ZEP is studying the matter of lifecycle analysis for CCU and will assess the conditions under which CCU could be included in the Taxonomy.

In parallel, ZEP is developing a scientific view on carbon removal technologies, focusing on BECCS, Direct Air Capture with CCS and waste-to-energy. A delegated act should also leave room for future inclusion of these technologies, if real climate change mitigation can be proven scientifically.