

## ZEP Note: Complementary Climate Delegated Act – Inclusion of natural gas as sustainable in the Taxonomy

The European Commission has on 2 February 2022 approved the [Complementary Climate Delegated Act of the EU Taxonomy \(CDA\)](#), including nuclear power and unabated natural gas as sustainable activities. The Council and European Parliament have four months to either approve or reject the legislation but may request an additional two months.

Ahead of the Commission's approval, [criticism](#) was expressed by the Member States Expert Group and the Platform on Sustainable Finance, in the context of the [expert consultation](#), stating that the draft Delegated Act would not be in line with the Taxonomy Regulation. The Taxonomy Regulation gives the European Commission mandate to develop technical screening criteria under Delegated Acts for activities without an available *“technologically and economically feasible low-carbon alternative”* to reach climate neutrality. The introduced thresholds and disclosure and verification requirements for natural gas and nuclear are detailed further below.

### **What is included in the CDA with focus on natural gas?**

Regarding 'Electricity generation from fossil gaseous fuels' and 'High-efficiency co-generation of heat/cool and power from fossil gaseous fuels', the CDA mentions that:

- Both activities are defined as *“transitional as referred to in Article 10(2) of Regulation (EU) 2020/852”*
- Abatement for facilities is mentioned *“including carbon capture or use of renewable or low-carbon gases”*

To qualify as a sustainable, gas power plants or cogeneration facilities have two options. They have to comply with the following criteria:

- **Life-cycle GHG emissions** (calculated on project-specific data, using Recommendation 2013/179/EU or ISO 14067/14064-1) **lower than 100g CO<sub>2</sub>e/kWh**

However, there is also a second option for facilities with construction permit granted by 31 December 2030. These facilities have to comply with the following criteria:

#### a) For electricity generation from fossil gaseous fuels:

- *“Direct GHG emissions of the activity are lower than 270g CO<sub>2</sub>e/kWh of the output energy, or annual direct GHG emissions of the activity do not exceed an average of 550kgCO<sub>2</sub>e/kW of the facility's capacity over 20 years”*
- *“The newly installed production capacity does not exceed the capacity of the replaced facility by more than 15%”*
- *“The replacement leads to a reduction in emissions of at least 55% GHG over the lifetime of the newly installed production capacity”*

b) For high-efficiency co-generation of heat/cool and power from fossil gaseous fuels

- “Direct GHG emissions of the activity are lower than **270g CO<sub>2</sub>e/kWh** of the output energy”
- “The newly installed production capacity **does not exceed** the capacity of the replaced facility”
- “The replacement leads to a reduction in emissions of **at least 55% GHG per kWh of output energy**”
- “The refurbishment of the facility does not increase production capacity of the facility”
- “The activity achieves **primary energy savings of at least 10%** compared with the references to separate production of heat and electricity [...]”

c) For both electricity generation and high-efficiency co-generation of heat/cool and power from fossil gaseous fuels

- “The power to be replaced cannot be generated from **renewable energy sources**, based on a comparative assessment with the **most cost-effective and technically feasible renewable alternative** for the same capacity identified; the result of this comparative assessment is published and is subject to a stakeholder consultation”
- “The activity replaces an existing high emitting [...] activity that uses **solid or liquid fossil fuels**”
- “The facility is designed and constructed to use renewable and/or low-carbon gaseous fuels and the **switch to full use of renewable and/or low-carbon gaseous fuels** takes place **by 31 December 2035**, with a commitment and verifiable plan approved by the management body of the undertaking”
- “Where the activity takes place on the territory of a Member State in which coal is used for energy generation, that Member State has **committed to phase-out** the use of energy generation from coal [...]”
- “Compliance [...] is verified by an **independent third party**. [...] Every year the independent third party publishes and transmits to the Commission a report certifying the level of direct GHG emissions, assessing whether the activity is on a credible trajectory [...]. The Commission may address an opinion to the relevant operators”



## **Views and actions**

First, ZEP would like to highlight that the CDA does not comply with the EU Taxonomy technology-neutrality principle.

ZEP would also like to highlight the crucial need to define 'renewable and low-carbon gases', where both types of gasses must qualify under the same rules, creating a level playing-field. These definitions are vital in order to enable a secure switch to renewable and/or low-carbon gaseous fuels by 31 December 2035.

ZEP would also like to highlight the crucial importance of CCS to reduce the GHG emissions from power generation and high-efficiency co-generation of heat/cool and power from fossil gaseous fuels.

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## **About the Zero Emissions Platform**

*The Zero Emissions Platform (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).*

*ZEP supports the European Union's commitment to reach climate neutrality by 2050, defined as net-zero greenhouse gas (GHG) emissions by 2050. To this end, CCS technologies represent readily available and cost-efficient pathways for the decarbonisation of industrial and energy sectors in the European Union. Some applications of CCU – where CO<sub>2</sub> is stored in a manner intended to be permanent – can also contribute to this goal.*