

Joint MEP's Letter on Taxonomy and EU Financing Mechanisms

For the attention of:

Executive Vice-President Frans Timmermans, Executive Vice-President Dombrovskis, Commissioner McGuinness, Commissioner Simson, Commissioner Gentiloni, Commissioner Sinkevičius, Commissioner Ferreira

Copies:

Commission President Ursula von der Leyen

The College of Commissioners

Dear Commissioners,

The EU financing mechanisms will play a key role in accelerating investments in transition-enabling technologies on our pathway towards carbon neutrality. These technologies have to enable the integration of a high share of renewables into our energy system by 2030. **The achievement of Europe's decarbonisation targets will require non-intermittent energy sources, which can guarantee stability and security to the European grids thus enabling the very integration of renewable energy in the system.** Knowing that onshore wind and photovoltaics provide unstable energy flows, their integration requires predictable and reliable generation technologies forming part of the overall energy mix¹. This is particularly the case currently, since there is no clear outlook for the commercial availability of energy storage nor sufficient availability of hydrogen or biogas in the foreseeable future².

Already today gas plays an important role for balancing variable renewables at an affordable cost, reducing CO₂ emissions and guaranteeing system reliability. **Gas generation is an important technological solution for regions, each with different starting points, that will transform away from coal. As the new, higher climate target requires fast deployment of renewables by 2030, a coal exit should not jeopardize the stability of energy systems. Highly efficient gas generation can play an important role in balancing the grid and gas cogeneration plants can improve air quality in cities across EU.**

A major driver of unnecessary cost of energy transformation could be introduced by the technical screening criteria in the delegated act under the Taxonomy regulation. **Should the technical screening criteria of Taxonomy rule out state-of-the-art gas-fired generation as transitional by setting unfeasible limits, the overall costs of the energy transformation will be increased for those regions, which still need to develop gas today as partial replacement for coal.** Further linking the EU financing mechanisms to the Taxonomy Regulation, which would rule out gas as viable option for coal dependent

¹ According to research by VGB Powertech & UK Department for Business, Energy & Industrial Strategy studies.

² According to the Commission's Impact Assessment the share of hydrogen and biogases will be small in 2030.

regions, could only undermine ongoing transitional efforts, impede renewables deployment and expose citizens to energy poverty.

A successful energy transformation requires an adequate set of investment signals across the EU, which takes into account regional circumstances, and ensures nobody is left behind. We therefore call for the Commission to recognise the significant regional sensitivities across Europe through the delegated acts under the Taxonomy Regulation and through the EU financing mechanisms that can work for everyone.

Appropriately designed EU financing mechanisms should enable swift replacement of coal with gas as a transitional solution, where other options are limited, to bridge the investment and technological gap and help regions currently dependent on coal with their transformation in the coming years.

Yours sincerely,

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