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Executive Vice-President for a European Green Deal

Mr. Valdis Dombrovskis

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Ms Kadri Simson

Commissioner for Energy

Ms Mairead McGuinness

Commissioner for Financial services,
Financial Stability and Capital Markets Union

Mr Virginijus Sinkevičius

Commissioner for Environment, Oceans and Fisheries

Dear Executive Vice-Presidents, dear Commissioners,

This letter aims at bringing to your attention our deep concerns on the draft Complementary Delegated Act (CDA) published by the European Commission amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors.

The European Taxonomy has already been the inspiration for green taxonomies in more than 15 countries around the world and a reference to those investors and financiers that have started decarbonising their portfolios.

We, the undersigned, have always advocated for a science and evidence-based, usable and credible Taxonomy. Today its usefulness and credibility are at stake. We find the new draft problematic both from a political and technical point of view, and that it goes beyond the principles of the Taxonomy Regulation. The Commission proposal puts the energy transition in the EU and globally at risk and endangers the Taxonomy by classifying gas and nuclear as sustainable, de facto granting them the same treatment as unquestionable green technologies such as wind and solar energy.

We regard the draft CDA as a step backwards. This draft sends a wrong signal to financial markets and seriously risks being rejected by investors. It jeopardises the purpose of the taxonomy to create a common language. Given the long lifespan of both nuclear energy and natural gas facilities, an inclusion in the taxonomy risks to lead to a technological lock-in for many decades and divert investments away from renewables.

We reiterate that natural gas and nuclear power do not meet the legal and scientific requirements set in the Taxonomy Regulation to qualify as sustainable economic activities.

The proposal goes against one of the fundamental pillars of the Taxonomy, which is to be based on science. It includes substantial contribution technical thresholds, 270 g CO₂e/kWh in the case of natural gas, which are above the scientific recommendations of institutions and agencies such as IPCC and IEA). They are higher than the limits set by other countries such as Russia. It would also mean removing *de facto* the "do no significant harm" principle established today in the first delegated act on climate taxonomy, which rightly sets the limit for DNSH at 270 g CO₂e/kWh. Two of the criteria are based on future promises, e.g. the condition of a gradual switch to renewable or low carbon gasses towards 2035. This is at odds with the inherent need of financial markets to only count as green those revenues generated from activities that meet the criteria now as opposed to those that might or will meet the criteria sometime in the future.

Regardless of the fact that nuclear power does not meet the requirements of the Taxonomy Regulation at all, the proposed criteria for nuclear power are inconsistent and partly also based on future plans. The extremely high costs linked to this power are documented as is the significantly harmful impact of high-level radioactive waste - incompatible with the "do no significant harm" principle. Furthermore, after more than 60 years of using nuclear power, not a single fuel element has been permanently disposed anywhere in the world. We have no operational experience with deep geological repositories for high active waste. For decades to come, there will be no effective waste disposal solution for the large amounts of dangerous waste generated. It is unacceptable to circumvent the problem by demanding member states to have a mere plan for a disposal facility for high-level radioactive waste that should be in operation by 2050. Not to mention that severe accidents will do significant harm as evidenced in Chernobyl and Fukushima.

Both proposals would give an ex ante classification and resources allocation that require a difficult long ex post surveillance with no clear actions in case of non-compliance.

It is important to take notice of the appetite that institutional investors are showing towards sustainable investments. In particular since there is growing evidence that these truly sustainable investments can generate returns that exceed those obtained in non-sustainable investments and are the key for their future growth.

We strongly encourage the European Commission not to jeopardise the courageous path it has taken towards making the EU the first carbon neutral continent and the leader in the global sustainable finance market.

Yours sincerely,

Teresa Ribera

Deputy Prime Minister and Minister for the
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