



# EU Taxonomy: state of play

Gas, nuclear energy and what next?

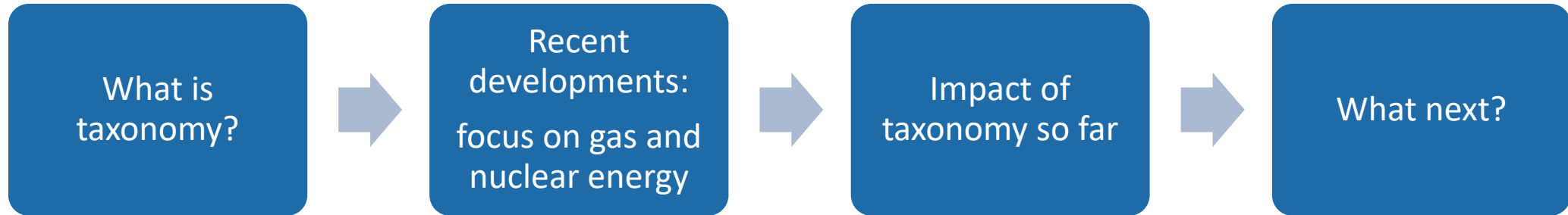
Energy Community, 29 March 2022

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Roundtable on  
Climate Change and  
Sustainable Transition



# What is intention of taxonomy?

	<p><b>Reporting tool</b></p>	<ul style="list-style-type: none"> <li>• Financial sector</li> <li>• Large &amp; listed companies</li> <li>• EU and Member States public institutions</li> </ul>
	<p><b>Guidance to investors</b></p>	<ul style="list-style-type: none"> <li>• Activities <u>significantly</u> contributing to six environmental objectives</li> </ul>
	<p><b>Directing private capital towards business willing to transform in a sustainable manner</b></p>	

# How to be labeled “green” under taxonomy?



Activity meeting the screening criteria

Minimum social standards

Do No Significant Harm

- compliance with other existing sectoral regulations

Transitional and enabling activities

- Activities for which there’s no viable low-emitting alternative
- Activities which enable other “green” activities

## Recent developments in the EU sustainable finance strategy

### Taxonomy

- Delegated Act on climate entered into force (January 2022)
- Draft CDA on gas & nuclear (February 2022)
  - EP and Council's scrutiny: 4-6 months
- Criteria for remaining four environmental objectives (March 2022 )
- Extended taxonomy (red & amber) – PSF report released on 28 March
- PSF report on social taxonomy (February 2022)

### Disclosure - reporting requirements

- January 2022 - reporting taxonomy eligibility (coverage)
- January 2023 - reporting taxonomy alignment (fulfilling criteria)
- Other “sustainable” reporting
  - SFDR, CSRD, CSDDD, EU Climate Benchmarks

### Toolbox

- Green Bonds Standards (based on taxonomy) – legislative process ongoing

## Complementary Delegated Act on gas and nuclear energy

Gas and nuclear = transitional activities but separate reporting

Gas used for production of electricity, heat and both can be labeled green, if:

- Construction permit before 2030
- Replaces an existing coal facility which cannot be replaced by renewables
- Gas installation must switch to 100% low carbon gases (incl. H<sub>2</sub>) by 2035
- Emission threshold 270g CO<sub>2</sub>e/kWh

Nuclear energy can be labeled as green, if:

- Construction permits for new units before 2045; upgrades of existing plants until 2040
- Application of best available technology – revised every 10 years
- Stricter criteria for nuclear waste management (DNSH)
- Notification to the EC and after positive opinion about fulfilling the criteria

# What is impact of taxonomy today?

Shift in balance between market solutions and government involvement

Noticable flow of capital towards taxonomy aligned assets

Demanding criteria – coverage of a small portion of economy?

Not „green” ≈ „black”

Impact on reputation and access to financing transition

Taxonomy - political label

Unclear criteria - challenge in uniform reporting

International impact

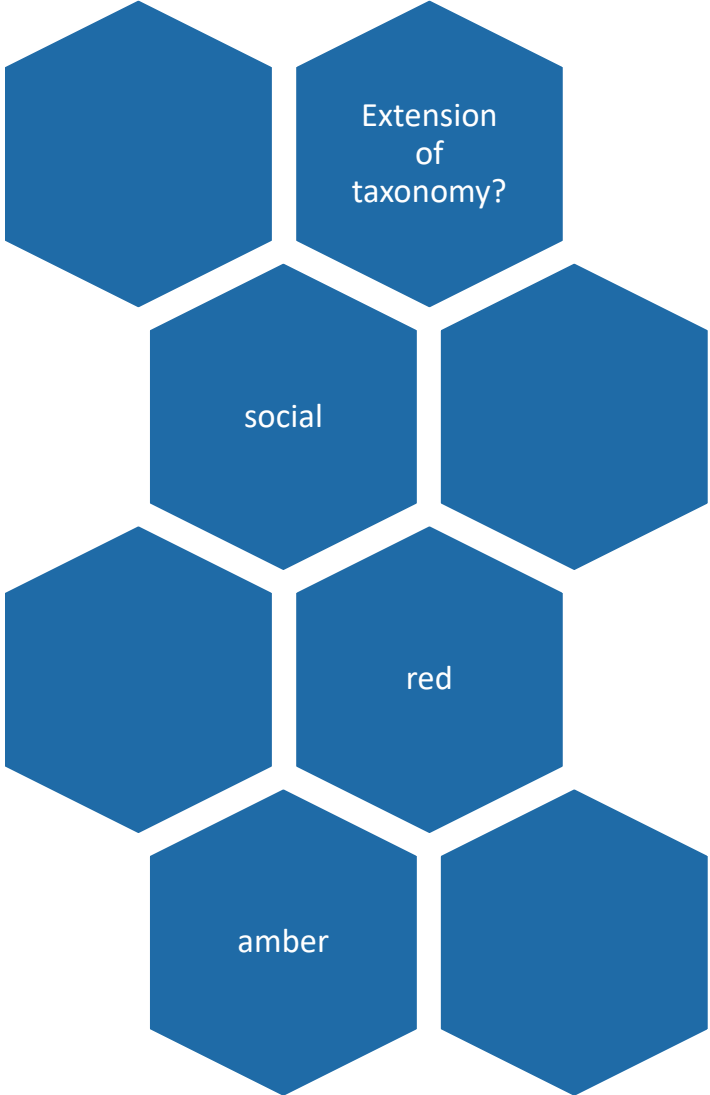
- Reporting of foreign companies?
- Foreign source of finance?

Multilayer sustainability reporting requirements

- Pressure on SMEs

Spillover of taxonomy to other policies

# What next?







**Thank you!**

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