

EU taxonomy

Implications for energy

Linda Zeilina

Policy Leader Fellow, EUI's School of Transnational Governance

CEO, International Sustainable Finance Centre

www.isfc.org



Taxonomy – what & why?

- **“Green list”** -classification system of sustainable economic activities for investment purposes
 - **Low threshold of 100gCO₂/kWh** - below which energy generation technologies generally considered “sustainable” (excludes coal from being labelled green, even if fitted with carbon capture & sequestration technology)
 - **Higher threshold of 270gCO₂/kWh** - determines energy technologies deemed to make “significant harm” to the environment
- ! **NOT a mandatory list** of economic activities for investors to invest in
- Improved transparency and comparability in the market



Key elements



Issues

Rising costs of
capital

Dependency
on coal & gas
in CEE
region

Fear of
unintended
consequences

Stranded
assets

ISFC

Challenges

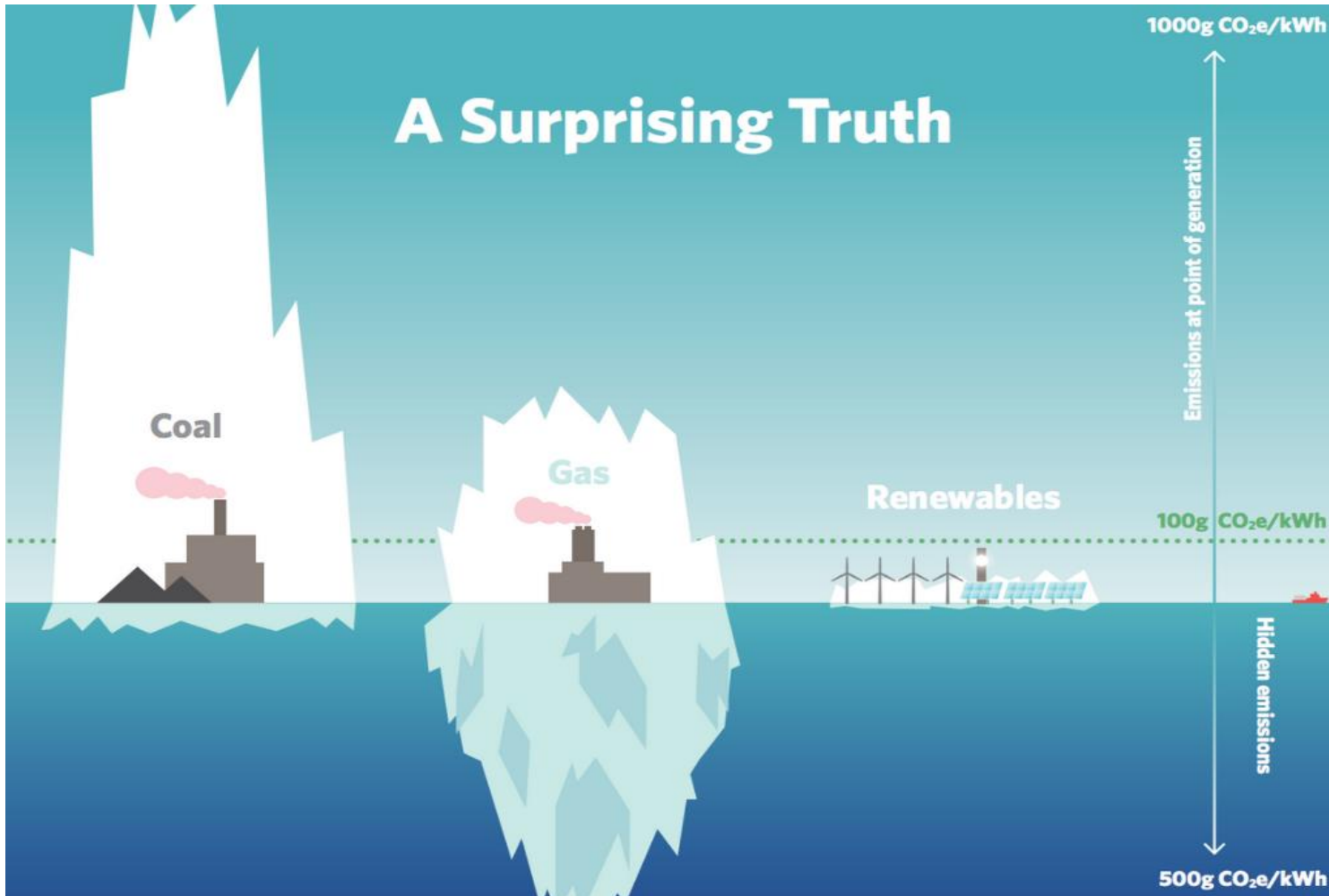
- Huge investment needs to upgrade the grids & infrastructure
- Need for more upfront investment in RES
- Legacy assets
- Under-developed capital markets

Opportunities

- A lot of capital in search for deployment – **lack of green investment opportunities**
- Positive spill-over effects (health, jobs)
- Improved business competitiveness
- Fit for impact investing



The problem with gas



Impact on global warming is 84 times higher than CO₂

- natural gas needs only to emit 3% of its methane content in the atmosphere to exceed damage done by coal + 2-stage phase out



Supporters of gas & nuclear

Gas

Slovakia
Czech Republic
Croatia
Cyprus
Greece
Hungary
Malta
Romania

Nuclear

France
Czech Republic
Hungary
Poland
Romania
Slovakia
Slovenia



HARD reality

- Markets are already distorted (subsidies and bias)
- Risk of a 'new "green" iron curtain
- Rise of climate litigation
- Science is science



What next?

- Gas & nuclear likely to be included in next Delegated Act
- Megatrend: investors after green & ESG investment opportunities
- EIB to start implementing its Climate Roadmap
- Green supporting factor
- Growing climate change Zeitgeist affecting financial markets
- Taxes & levies need to be addressed + reporting (ESAP)



THANK

@ISFCentre
@LindaZeilina

CEE Sustainable Finance Summit
www.ceesummit.org

