EU Taxonomy: Commission begins expert consultations on Complementary Delegated Act covering certain nuclear and gas activities

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The European Commission began consultations yesterday with the Member States Expert Group on Sustainable Finance and the Platform on Sustainable Finance on a draft text of a Taxonomy Complementary Delegated Act covering certain gas and nuclear activities.

The EU Taxonomy guides and mobilises private investment in activities that are needed to achieve climate neutrality in the next 30 years. The existing energy mix in Europe today varies from one Member State to another. Some parts of Europe are still heavily based on high carbon-emitting coal. The Taxonomy provides for energy activities that enable Member States to move towards climate neutrality from such different positions.

Taking account of scientific advice and current technological progress, as well as varying transition challenges across Member States, the Commission considers there is a role for natural gas and nuclear as a means to facilitate the transition towards a predominantly renewable-based future. Within the Taxonomy framework, this would mean classifying these energy sources under clear and tight conditions (for example, gas must come from renewable sources or have low emissions by 2035), in particular as they contribute to the transition to climate neutrality.

In addition, to ensure transparency, the Commission will amend the Taxonomy Disclosure Delegated Act so that investors can identify if activities include gas or nuclear activities, and to what extent, so they can make an informed choice.

The activities covered in this complementary Delegated Act would accelerate the phase out of more harmful sources, such as coal, and in moving us towards a more low-carbon greener energy mix.

As for the other activities under the Taxonomy Regulation, the criteria for the gas and nuclear activities will be updated as technology evolves.

Next steps

The Platform on Sustainable Finance and the Member States Expert Group on Sustainable Finance must be consulted on all Delegated Acts under the Taxonomy Regulation, given their expert role foreseen by the Taxonomy Regulation. They will have until 12 January to provide their contributions.

The Commission will analyse their contributions and formally adopt the complementary Delegated Act in January 2022. It will be then sent to the co-legislators for their scrutiny.

Similar to the first Climate Delegated Act, the European Parliament and the Council (who have delegated the power to the Commission to adopt this Delegated Act) will have four months to scrutinise the document, and, should they find it necessary, to object to it. In line with the Taxonomy Regulation, both institutions may request for additional two months of scrutiny time. The Council will have the right to object to it by reverse reinforced qualified majority (which means that at least 72% of MS (i.e. at least 20 MS) representing at least 65% of the EU population are needed to object to the Delegated Act), and the European Parliament by simple majority (i.e. at least 353 MEPs in Plenary).

Once the scrutiny period is over and assuming neither of the co-legislators object, the (complementary) Delegated Act will enter into force and apply.

Background

The EU Taxonomy is a robust, science-based transparency tool for companies and investors. It creates a common language that investors can use when investing in projects and economic activities that have a substantial positive impact on the climate and the environment. It will also introduce disclosure obligations on companies and financial market participants.

For More Information

<u>Factsheet - How does the EU Taxonomy fit within the sustainable finance framework?</u>

[DG FISMA's website on sustainable finance](#)

Press contacts:

  [Daniel FERRIE](#) (+32 2 298 65 00)
  [Aikaterini APOSTOLA](#) (+32 2 298 76 24)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)