Sustainable finance should be technology neutral and help mitigate risks incurred by projects contributing to decarbonisation

We are committed to **achieving a carbon neutral society by 2050**. We support **a higher target in GHG emissions reduction (-55%) by 2030**. We are convinced **that a carbon-neutral approach** is essential to the success of an affordable and efficient energy transition **at the service of the consumers and adapted to their need and uses of today and tomorrow.**

Europe should implement the best combination of cost-effectiveness and security of supply

The Long-Term Strategy has defined a roadmap towards carbon neutrality in 2050 where electrification through decarbonised electricity plays a major role. The target power mixes in the two most ambitious **scenarios** are slightly different but share an important common feature: they are well balanced in the sense that they **include a broad range of carbon-free technologies**. In particular, some of these technologies are dispatchable (hydropower, nuclear, biomass and potentially fossil sources with CCS), while others are variable (wind, solar). The balance has been struck to ensure the **best combination of cost-effectiveness and security of supply,** and the share of dispatchable technologies is **significant**. **Such a carbon-neutral approach is essential to the success of an affordable and effective energy transition**.

Carbon-free technologies are not equally treated in the current draft delegated act

The equal treatment of carbon-free power technologies is absent from sustainable finance as envisaged in the draft delegated act concerning the technical screening criteria complementing the taxonomy Regulation. Indeed, **some of the technologies are deemed complying with the criteria** defining a sustainable activity without any further examination, **while others like hydro and nuclear are submitted to systematic and cumbersome tests** that would exclude strategic projects or to the advice of a Committee that will not have completed its advice before the publication of the delegated act. Hydrogen must follow drastic requirements under which **solar photovoltaic could even be excluded** under some assumptions. Natural gas is excluded although, each Member State having a different starting point, it could be a transitional solution in countries with a high share of coal-fired generation. Also, bioenergy has been categorised as a transitional activity even though the Taxonomy Regulation clearly states that renewables are regarded as a sustainable energy source pursuant to RED II.

We welcome, however, **that other renewable energies and networks**, which allow the integration a greater part of renewables in our power system, **are included as sustainable activities**.

Sustainable finance should support carbon-free technologies exposed to high risk

The risk is high that the current approach is likely to steer **financial markets and private funds only towards renewables and grids which are already largely subsidised or regulated.** And that technologies like nuclear and even hydropower – which is a renewable energy –, and in a certain way gas would be hindered or disqualified by the next delegated act, even though they are necessary to help achieve both the 2030 and the 2050 decarbonisation targets. In other words, **assets that already have access to subsidies and risk-hedging will be more likely to reap the benefits attached to being considered sustainable than those that are widely exposed to market prices and have no access to cheap hedging.**

Furthermore**, the taxonomy is likely to provide reference to the EU institutions and to investors** to regulate and stimulate economic activities.

The industry needs a carbon neutral approach of sustainable finance

The electricity industry has committed to become carbon neutral before 2050. **Without access to adequate risk mitigation it will be impossible to deploy low-carbon technologies without a significant risk premium**, which ultimately means a higher final cost for the customer. Therefore, we believe we need a sustainable finance that equally treats all decarbonising technologies.

We are calling on the European institutions **to implement a technology neutral approach of sustainable finance that helps mitigate risks incurred by all projects contributing to decarbonisation**. **We, the signatories of this Declaration, will propose more detailed amendments to the above-mentioned issues, in our answer to the Commission's consultation.**

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