

FIVE REASONS TO OPPOSE THE INCLUSION OF GAS AND NUCLEAR POWER IN THE EU TAXONOMY

According to the European Commission, the EU must invest an additional €350 billion per year this decade in order to reach its 2030 climate targets(1). The EU Taxonomy was designed as a key instrument to guide private markets towards this target - but it will only succeed if it is built on science and follows expert advice. However, the Commission is proposing to classify gas and nuclear power as 'sustainable' investments in a new taxonomy 'Complementary Delegated Act'. It could divert billions of euros from renewables and other green technologies to polluting fossil fuels and expensive slow nuclear energy, making the EU's environmental targets harder to reach. WWF is concerned about the environmental impact of this decision.

In addition, **the war in Ukraine, and the energy price crisis it is causing, put the EU Taxonomy in a radically new context.** Gas has now become a source of energy insecurity and geopolitical risk in Europe. With this in mind, Europe has even less reason to label new gas plants as sustainable. It is important to remember that the Taxonomy does not block any investments, nor does it oblige anyone to invest in anything: it only clarifies which investments are environmentally sustainable. **MEPs can therefore reject the inclusion of gas and nuclear in the Taxonomy while leaving every Member State free to support gas and nuclear with public and private finance.** They will just be saving private investors and citizens from being deceived into putting their money into investments they believe are sustainable when, in fact, these investments threaten Europe's energy security and its environment. **Here are five reasons the European Parliament must reject the inclusion of gas and nuclear power in the Taxonomy 'Complementary Delegated Act'.**

1- It risks deepening the EU's dependence on Russian fuel imports.

The EU aims to reduce its imports of Russian fossil fuels by two-thirds this year, according to the RePowerEU communication published in March(2), and must 'get rid of its dependency on fossil fuels', according to EU Commission President Ursula von der Leyen(3). In an almost unanimous resolution, the European Parliament called in April(4) for "an immediate full embargo on Russian imports of oil, coal, nuclear fuel and gas". **The EU Taxonomy must not undermine the EU's efforts to end its energy dependence** by channelling investments into new gas plants that will only increase European gas demand, or by promoting nuclear plants such as Paks II (5) in Hungary, which is due to be built by Rosatom, the Russian state-owned enterprise, and Russian uranium imports which have to be airlifted into Member States(6)

2- It will not address high energy prices.

The European Central Bank has found that gas prices were multiplied by six in 2021 and that gas is a key driver of the inflation crisis. Alongside the reopening of the economy after the Coronavirus pandemic, it noted 'unexpected developments in energy prices (...) led to unprecedented increases in inflation'(7). **Promoting gas in the EU Taxonomy will not help to address European citizens' skyrocketing gas bills.** Today, renewable prices are far lower than gas prices, so citizens' energy bills will benefit from a faster transition to energy efficiency and renewable energy. The Taxonomy must send a constructive signal that is aligned with this objective. New nuclear power plants take 15-20 years from planning to operation and are estimated to be 4 times more expensive than new solar and new onshore wind power(8). **Promoting new gas and nuclear plants will not bring any solution to the energy price crisis,** so investments should not be diverted from renewables and energy efficiency into

these technologies.

3- The European Parliament has been excluded from this debate.

The final criteria of the Complementary Delegated Act were written, behind closed doors, by Ursula von der Leyen's cabinet under intense pressure from a coalition of Member States(9). **The European Parliament was completely excluded from these discussions but is now being asked to rubber-stamp the agreement between Commission and Council.** The Parliament explicitly asked the Commission to hold a public consultation and an impact assessment on the Complementary Delegated Act, as it had done for the previous Taxonomy Act on renewables(10). The Commission ignored this request. On institutional grounds alone, the Parliament has a strong case to reject the Complementary Delegated Act.

4- Investors and banks have criticised it as counterproductive.

Labelling gas and nuclear as sustainable would be counterproductive for investors and banks, who need reliable information about the environmental impact of the activities they consider financing. The current global green bond market excludes gas and nuclear and the EU Taxonomy must not fall behind it. Significantly, many investors, banks and investors coalitions, including the **Dutch Pension Federation**(11), **Blackrock**(12), the \$50-trillion **Institutional Investors Group on Climate Change**(13) (IIGCC), and the **UN Principles for Responsible Investment**(14) (UNPRI) have criticised moves to include either one or both in the Taxonomy. The **European Investment Bank** also strongly condemned the Complementary Delegated Act, with its President Werner Hoyer saying: 'If we lose the trust of the investors by selling something as a green project, which turns out to be the opposite, then we cut the feet on which we are standing'(15). **The Complementary Delegated Act must not undermine the interests of investors and banks who the Taxonomy is supposed to help.**

5 - Gas and nuclear power are not green, and labelling them as such breaks the Taxonomy's own law.

The Taxonomy regulation, which is the law governing the EU Taxonomy, requires its criteria to be based on 'conclusive scientific evidence' and to maintain 'technological neutrality', which means no technology should get special treatment. However, the Complementary Delegated Act breaks these rules. Firstly, there is abundant evidence that we must use fewer fossil fuels, and no evidence that we can permanently store radioactive waste. Secondly, while strict rules for renewables apply in 2022, gas plants get a higher emissions limit until 2036 and nuclear plants can produce highly radioactive waste until 2050 without having to find a definitive solution for its safe disposal. Furthermore, if a gas plant fails to meet the emission rules by 2036, or a nuclear plant has no solution for its waste in 2050, the only consequence is that it loses its 'green' label - but it can continue to pollute as before. **This could lead to billions of euros being sunk into projects on the basis of a green promise which is then broken.**

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