Recommendations for the EU Strategic Agenda 2024-2029

An even stronger Green Deal with high renewable targets

June 2024

Introduction and background

For nearly 25 years, EREF has been the voice of independent renewable energy producers in the European Union covering all technologies; committed to fair access to the energy markets; and working for a 100% renewable and energy-efficient world to be achieved latest by 2050 in the EU.

We welcome the new European Commission and legislators and offer our continuous cooperation and support.

Renewable energy and decentralised energy systems all over Europe contribute and promote our values. Europe stands for peace, democracy, social welfare, openness, constant learning, respect, and solidarity. This is enshrined in Treaty on European Union (2007) and in the hearts of most European citizens.

In the light of these values, Europe must assert its leadership in the global fight against climate change and strengthen its competitiveness towards other major actors that are offering highly favourable conditions for businesses that invest in renewable energies. The EU urgently needs implementation of enabling strategies and frameworks to maintain, strengthen, and grow domestic industries and production capacities. This is essential to meet the ever-increasing demand for new renewable energy installations and to respond effectively to the shifting international landscape.

EREF therefore strongly advocates for the acceleration of renewable energy deployment, the ambitious and full implementation of the European Green Deal and a clear pathway for the decade between 2030 and 2040, which should be overarching priorities for any new EU legislation and its agenda.

The fast transformation of the EU energy system towards renewable energy and energy efficiency is the only safe and truly sustainable way forward. Renewable energies reduce costs for electricity, heat and transport for citizens and our industries, while strengthening local value chains and domestic labour markets and improving Europe's resilience and sovereignty.

Rapidly increasing numbers and growing impact of climate disasters around the globe, analysed and evaluated by numerous scientific studies, clearly demonstrate that our planet experiences higher temperature increases, happening much sooner than most had expected. Irreversible tipping-points are reached much faster than science had

predicted until only a few years ago. 2023 was confirmed to have been the hottest year for probably around 100,000 years, and some scientists predict that the 1.5°C limit may already be exceeded in 2024. This underlines the urgency of more targeted climate and renewable energy policies and initiatives designed under the Green Deal, in time for 2040.

EREF advocates for a fast transformation towards a new stable, secure, affordable, and democratic EU energy system based only on renewable energy and energy efficiency. At a share of 60% renewable energy and more, all long-term flexibility solutions such as grid enhancement, Power-to-X, storage and demand response are needed due to increasingly longer periods of negative residual load[1], both power-to-gas and power-to-liquid. Fossil fuels and nuclear energy should be phased out well before 2050, as this timeline is far too late to address the urgent need for decarbonization.

Renewable energy and flexibility options are already being valorised by a multitude of larger and smaller producers, energy communities and cooperatives, prosumers, small and medium-sized enterprises (SMEs) as well as innovative large-scale companies that embrace the transformation. In addition to clean energy production, renewable energies including bioenergy and hydropower can support climate change adaptation measures such as flood control, resilience to drought and refuge for biodiversity.

Unfortunately, the debate and decisions on reforming Europe's electricity market design did not fully acknowledge that renewables are the new system defining technologies that shall and will outweigh all other non-renewable energy sources. It is therefore essential that Europe continues developing policies and an energy market architecture made for renewables– instead of trying to integrate renewables into today's outdated systems. Existing regulations are not in line with the needs of energy markets without any fossil fuels as soon as possible, based on 100% renewable energy sources. Investment signals for developing flexibility is key to ensure stability of the power system.

With the current ambition to reach a 45% share of renewable energy by 2030[2], the new Commission taking office in late 2024 must secure implementation of existing legislation, step up the EU's decarbonisation efforts and develop more ambitious climate and energy policies and targets up to 2040, ready for the challenges ahead, while at the same time providing strong support to Member States who are in the process of implementing EU frameworks and legislation at national and local levels.

[1] BEE, New electricity market design study. New electricity market design for the integration of fluctuating renewable energy sources, December 2021 and Ecofys, Flexibility options in electricity systems, 10.03.2014

[2] The revised Renewable Energy Directive EU/2023/2413 raises the EU's binding renewable target for 2030 to a minimum of 42.5% with the aspiration to reach 45%.

Environment policy must be positive, based on scientific data and cost-benefit efficient to make energy policy implementable.

Many barriers continue to hinder the development and deployment of renewable energy. Among these obstacles are the resurgence of misleading debates about nuclear energy and fossil gas (the latter allegedly being needed to "bridge the transition gap"). Such arguments ignore the fact that nuclear energy makes the transformation towards a more flexible and decentralized energy system that is based on renewables much more difficult. In addition, nuclear fails to produce cheap electricity despite decades-long subsidies and is still a reason for significant environmental and public safety concerns. It is also very costly and lengthy to build nuclear power plants.

Other major challenges are misinformed policy priorities, particularly in the environment sector, as well as administrative barriers and conflicting interests among energy market stakeholders.

Against this background and in line with its vision, EREF provides with this paper concrete recommendations which its members believe should be assisting the new Commission's work programme and be addressed in the upcoming policy reform processes:

1. Policy recommendations for a fast and steep renewable energy development
2. Fit-for-renewables market design and infrastructure transformation
3. A stronger European renewable energy-based net zero industry, including growing manufacturing capacities for net-zero technologies
4. Implementing better Carbon Border Adjustment Mechanisms (CBAM) and phasing out free Emissions Trading Scheme (ETS) allowances
5. Improve taxonomy and include all renewables as sustainable technologies

I. Policies to promote renewable energies

Binding EU and national climate and renewable energy targets for 2035, 2040 and 2045

EREF underlines that the recently revised target levels for renewables are still not sufficient to implement European and international decarbonisation efforts. The tripling target for the global renewable power capacity by 2030 as agreed in the final COP 28 declaration is one step in the right direction and needs to be followed up by, among others, increasing the EU renewable energy targets.

In a first step, emphasis should be on binding climate and renewable energy targets for 2035, 2040 and 2045 at national and EU levels, as well as on legislation that will need to be amended to this purpose. The new policy process to set intermediate climate and energy targets for 2035 and 2045 should ensure coherence with international processes.

The EU needs a clear Greenhouse Gas (GHG) reduction path beyond 2030, towards the climate neutrality objective for 2050 considering an indicative GHG budget (defined as the cumulative maximum net emissions for the period) for 2030- 2050. For the calculation of emissions reduction, it is necessary to use a standardized methodology that applies to all technologies and takes the whole life cycle into consideration. More importantly the methodology should highlight beyond $CO2_{eq}$ the other impact categories of highest concern per technology.

The upcoming revision of the Governance Regulation must establish clarity on the decarbonisation pathways to be followed by EU Member States and should reintroduce binding national renewable energy targets. It should include sectoral emissions reduction targets, nationally differentiated climate-neutrality targets, and stronger delivery gap filler mechanisms, with specific focus on the renewable energy targets.

The proposed 2040 target of 90-95% GHG-emissions reduction should be complemented with a target of at least 80% renewable energy in the gross final energy consumption, including sector sub-targets for electricity, heating and cooling, transport, and industry. Sub-targets for renewable fuels of non-biological origin (RFNBO) and synthetic aviation fuels should be set.

The Commission should develop a campaign highlighting the multiple benefits of renewable energy for the European industry and consumers as well as a sustainable Europe, supported with relevant data and figures. It should illustrate the vision of the Green Deal informing citizens about the pathway ahead in a transparent and fact-based way.

Accelerating the roll-out of renewable energy

Technical assistance and guidelines, and use of the established EU twinning system for RED III implementation: in light of the considerable legislative challenges, Member States may need transposition and implementation support, e.g. with regards to shortened and simplified permitting (duration, acceleration areas, one-stop shops, skilled workforce, administrative barriers) and guidance documents from the European Commission to Member States about the implementation of the latest EU legislation under the Green Deal including best practice examples.

EREF welcomes and supports the recent Action Plan for Grids of the European Commission and calls for its translation into legislation. This must be accompanied by the development of long-term flexibility solutions such as Power-to-X, storage and demand response and grid enhancement.

Delayed grid connections are among the main bottlenecks to the expansion of renewable energy. Though the new Action Plan will fix many structural issues, immediate action is needed to cope with the very long pipeline of renewable energy projects that have applied for a grid connection.

"Fit for 90 plus" package

The new Commission should address remaining regulatory gaps and revise legislation where needed: the "Fit for 90 plus" package that i.a. initiates a fundamental reform process of the energy (and not only electricity) market design, modernises and digitalises and decarbonises Europe's energy networks and prepares for the renewables-based electrification of major parts of the energy system, phases out free allowances in the Emissions Trading System (ETS), and revises the Governance Regulation to include legally binding targets for each Member State, and better support and enforce the development and implementation of National Energy and Climate Plans (NECPs).

Green hydrogen and renewable fuels of non-biological origin (RFNBO)

In recent years, hydrogen, its derivatives and especially RFNBOs have rapidly gained focus due to their storage capability. GHG free feedstock and alternative fuels will still play a role over the next years and should be used primarily for decarbonising specific industries and to further support system flexibility. Green hydrogen and its derivatives will be most useful to achieve decarbonisation goals for "hard-to-abate" sectors in industry (e.g. steel, chemicals), and transport (such as aviation and maritime transport). These sectors should be prioritized for application due to the overall limited

potential and availability of alternatives in this sector. RFNBOs should be allocated here and not in sectors where direct electrification or direct renewable thermal solutions are viable and more efficient (e.g. automobiles, residential heating).

EREF underlines again its demand that only renewable hydrogen and its derivatives can be labelled as green and further sustainability criteria based on the Sustainable Development Goals (SDGs) should be defined. A focus should be on domestic and regional green production and consumption pathways.

The new Commission needs to readjust the current Delegated Act on Green Hydrogen to ensure that non-renewable investment pathways cannot block or delay the full transition towards a renewable energy system. The Commission should also review the current priorities for new renewable production plants as sources for green hydrogen in order to include existing plants in the Member States which do no longer receive support and which could help to accelerate the roll-out of green hydrogen, especially in vicinity to the above-mentioned industry or in coal-transition regions. Moreover, hydrogen from biogenic sources, so-called bio-hydrogen, should be considered as fulfilling option and clearly labelled as “green hydrogen”, if certain sustainability criteria are met, as it is the case in Germany. This is especially of importance for decentralised regional value chains. As such, green hydrogen would instantly be available, as large infrastructures do not yet exist.

Using all available renewable energy technologies

For accelerated decarbonisation, all available renewable energy sources and technologies are needed and can work hand in hand within a new energy system supported by a broad range of flexibility options. The new Commission should endorse hydropower and sustainable biomass use as a key enablers of power system decarbonisation especially as flexibility sources and for a positive contribution to biodiversity.

Particularly, the role of biomethane for the substitution of fossil gas should be addressed. The outgoing EU Commission in the REPowerEU packed formulated a goal that 35 billion cubic metres of biomethane shall be available by 2030. The new Commission should encourage the Member States to implement and potentially exceed this target and to define their national targets to contribute to this goal.

Putting hydropower on the EU agenda

Hydropower generation plays a prominent role in Europe's renewable generation mix. Small hydropower alone produces around 7% of the electricity within the EU. From storage, reservoir, up to run-of-river plants hydro is crucial to balance variable renewables thanks to its very flexibility. Small hydropower generation has a low volatility and high predictability, moreover, it has modulation capabilities in terms of power balancing and makes it possible to regulate voltage, so it can contribute to the flexibility of the future grid system (especially at distribution level), in which a much higher share of variable renewable energy sources will be integrated.

Most hydro plants are now equipped with latest technology and management measures to ensure ecological river continuity. They can create a good ecological status in water bodies when there are no other anthropic pressures. All scientific studies must be taken into account when revealing own ecotone[3] biodiversity of hydropower schemes, their contribution to resilience of river ecosystems to climate change, groundwater preservation from drought, and flood control.

Valuing natural potential as well as reactivating decommissioned hydropower plants, using suitable existing weirs, refurbishing older ones with latest turbine technology, and tapping into the potential of so-called hidden and micro-hydropower solutions can quickly increase Europe's electricity production and provide much needed flexibility and energy system services.

Decarbonisation of buildings and heating and cooling sector

Almost 50% of all energy consumed in the EU is used for heating and cooling. More than 70% still comes from fossil fuels, which are mostly imported. Therefore, strong emphasis should be on the decarbonisation of buildings and in the heating and cooling sector - through energy efficiency retrofits, renovations, and adequate funding to ensure social (acceptance and) support for the rapid renovation of worst performing buildings, supported by one-stop shops and simplified energy performance contracting.

Heat pumps, biomass, geothermal and solar thermal have a crucial role to play in this transition, offering cost-effective, clean heating and cooling solutions that benefit both the climate and the European economy. Around three to five times more energy efficient than gas boilers, they can slash Europe's fossil fuel imports, energy consumption and emissions. They are market ready technologies and ready-to-use for

[3] An ecotone is an area of transition and contact between two neighbouring ecosystems. Ecotones have a richer fauna and flora than each of the two ecosystems they separate, and they sometimes repopulate the latter.

most of the residential and commercial building stock in Europe, as well as for industrial processes.

To unlock the full potential of renewable heating and cooling, ensuring consistent, streamlined, and ambitious long-term policies it is vital to stimulate demand and attract investments in the EU's manufacturing and workforce. Affordability for all must be ensured through measures such as reducing electricity costs, introducing carbon pricing, and offering subsidies. Moreover, as the renewable heating and cooling sector is scaling up production, it requires adequate support to strengthen industrial leadership and skills to meet the EU targets outlined in REPowerEU and the Green Industrial Plan.

Solar District Heating (SDH) systems use solar thermal technology to produce hot water for district heating networks, contributing to decarbonisation efforts in communities and cities. Well-established in Europe, SDH holds significant potential to further decarbonise heat across diverse regions.

Biogases are equally important in this context. Considering the expected reduction in natural gas consumption, they could provide the equivalent of 2/3 of gas demand by 2050. Yet production growth is hampered by a heavy EU regulatory framework. The administrative burden for project developers should be reduced while ensuring a high level of sustainability.

Biogases are versatile renewable energy sources that can be used across sectors, including space heating and industrial process heat. Biomethane can even reach negative levels of GHG emissions on a life-cycle basis (LCA) depending on the feedstock and production process. Establishing a comprehensive emissions accounting framework based on a technology neutral Life Cycle Assessment will reward fairly the contribution of biogases to climate change mitigation and provide clear signals to consuming sectors.

Based on existing assets (the interconnected gas network and the EU gas market), the EU should establish a single European biomethane market by removing barriers to trade within and across EU countries. This will further support the ability of the sector to meet energy demand in a cost-effective way. The next European Commission should harmonise how the green value of biomethane is documented and marketed.

This should go hand in hand with programmes that are designed to roll-out millions of small-scale solar installations including PV, solar heat and solar air and cooling on European rooftops and the enactment of obligations to install solar panels on all new and renovated buildings. Additionally, more ambitious Minimum Energy Performance Standards (MEPS) should be set to accelerate these efforts.

Fossil fuels exit strategy including phase-out dates

To provide investment security and planning, the European Commission should propose indicative fossil fuel phase-out dates for different sectors and should develop a targeted Fossil Fuels Exit Strategy that includes annual reduction targets and provides a clear perspective and investment security[4]. This Strategy should also model a 100% renewable energy scenario using all available renewable energy technologies, including the current real costs of renewables. The exit strategy should model phase out timelines as some technologies cannot be phased out without significant lead times.

A significant amount of investment has recently been made in fossil fuel infrastructure, plants, and exploitation. This investment has rather dampened or distorted the market for the uptake of renewables- at a time when the market needed to urgently invest in renewable technology.

The strongest market signal is required to counter this and should come in the shape of an European regulation which states any new investment in any part of the fossil cycle -exploration, mining, processing and power plant build should at least clarify that any related investment will not be compensated for by public money in the event of those assets becoming redundant in order to meet the European Union greenhouse goals. In other words, a "buyer beware" statement should be made clear to those wishing to invest against the prevailing adoption of renewable technologies that they do so at their own risk.

With respect to market signals, it will become important to model signals for flexibility across electricity storage and thermal storage. Both will be best served when the signal works to value the long-term benefit of flexible renewable based sources in use and not based on short-term dumping of excess production from one storage method to another.

[4] The Fuel Exit Strategy should include requirements to conduct cradle-to-cradle assessments of fossil fuel emissions, the calculation of full value-chain emissions, encompassing extraction, transportation, and consumption, thus ensuring transparency and accountability throughout the supply chain.

Reform of the EURATOM Treaty

EREF, its members and all its independent power producers call for an overdue reform of the EURATOM Treaty of 1957. It remains mostly unchanged and is a stumbling block for access of renewables to the market where subsidies can still be lavished on nuclear projects with the singular rectification that the EURATOM Treaty enshrines an almost holy grail of promotion of research into nuclear energy (Art. 2 a) and the need for creating the conditions for the rapid establishment and growth of the nuclear industry (Art. 1 para. 2).

As the IEA pointed out[5], renewable capacity worldwide is on course to increase by two and a half times by 2030. However, that is not enough to reach the COP 28 goals of tripling renewables. For EREF, nuclear subsidies and the special protection given under EURATOM are one of the major obstacles.

The Commission did not yet follow up on its promise to reform the EURATOM Treaty. The European Union has developed itself over time via a chain of constitutional progress. EURATOM has however remained unchanged. There is even no sunset-clause as it was the case in the former Coal and Steel Treaty. It is a dishonour that within the European Union - which is committed to democracy - the democratically elected European Parliament still does not have a vote under EURATOM and that negotiations and deals can go on behind closed doors due to the lack of transparency.

II. Fit-for-renewables market design and infrastructure transformation

After the reform is before the reform

The European Energy Market design needs to provide a legislative toolbox, facilitating and ensuring a full renewable energy-based system – at European level and in the Member States. Even after the amended legislation under the previous Commission, the current system is still not coherent for this pathway and is too much focussed on the electricity sector only.

The new Commission should now undertake a thorough revision facilitating a completely renewables-driven EU energy system for electricity as well as liquid and gaseous fuels. A fully integrated energy market must be basically in place by no later than 2030, and an enabling and accommodating market design should be in place by 2026.

[5] IEA News, 11 January 2024 (https://www.iea.org/news/massive-expansion-of-renewable-power-opens-door-to-achieving-global-tripling-goal-set-at-cop28)

EREF calls for clear rules on priority for locally and regionally produced renewables. The new market design toolbox should enable and ensure direct supply with renewable energy for especially large consumers and housing areas – encouraging citizen participation as well as energy sharing- under local flexibility procurement setting, ensuring the right to access the larger grid areas with any excess renewable energy.

There should be no more direct or hidden subsidies for nuclear and fossil fuels. These are harmful subsidies for the climate and the environment, and for a level playing field. Together with a complete review of agricultural subsidies we need the EU Commission and the Member States to strengthen their voice and rapidly discuss and agree on a clear pathway towards phasing out these subsidies. Europe needs to call on the G 20 especially to get the phase out agenda agreed and met by all. This saved budget should be used for renewable energies, e.g. to make alternative fuels more price-competitive and attractive.

EREF continues to call for an energy taxation mechanism which accelerates phasing out polluting fuels.

To acknowledge the risks associated with nuclear power for people and the environment, the European Commission should finally refrain from categorizing nuclear power alongside renewable energy under the label of “clean energy” in press releases, communications, and statistics and legislative proposals or secondary legislation.

Translate the EU Grid Action Plan into legislation!

With its recent Action Plan for Grids, the EU Commission acknowledges that future-proof, interconnected and stable electricity grids are the backbone of a well-functioning energy market.

The new Commission will be tasked to formulate concrete legal and funding proposals that will support networks and infrastructure that are made for 100% renewables, including high shares of variable renewable energy. This extends to faster and leaner permitting, improved access to finance, stronger supply chains (through the consequent implementation of the Net-Zero Industry Act (NZIA)[6] and the Critical Raw Material Act (CRMA), as well as to accelerated implementation of and special exemptions for significant grid expansion projects that have a major decarbonisation impact and increase cross-border interconnection and reserve capacity for trade

[6] Green Hydrogen derivatives shall be included in the NZIA. They are needed for the fast transition of hard-to-adopt sectors (See Scenario 3 of the EU 2040 climate targets). Therefore, the permitting processes have to be fast-tracked and finance has to be mobilised for the production and transportation of green hydrogen derivatives.

between Member States (in particular PCIs). Also, the legal reform should enhance long-term system planning (electricity, heating, green hydrogen) to complement the 10-year network development plan (TYNDP) process, both at EU and national level.

III. A stronger European renewable energy industry

Domestic manufacturing of and increased demand for renewable energy technologies

Renewable energy implies the creation of local jobs and wealth in Europe and using local resources instead of imported expensive energy sources and raw materials. Facing the current war in Europe and continuous supply chain crises further triggered the willingness of Europe to re-establish and increase modern and sustainable renewable industry production.

One success was the recent establishment of a Solar PV industry Alliance (ESIA), furthering even more the strong job creation potential, a powerful tool in times of societal distrust in many parts of Europe. Another success was the establishment of the domestic supply chain for solar thermal and PVT (solar thermal and PV combined).

If people see that “renewables” means jobs along the value chain with new domestic industrial production in Europe, the public support for renewable technologies and system change will further increase. Strong re-industrialisation targets for renewable energy technology in the European Union and focussed renewable energy auctioning with priority on selected technologies made in Europe are the timely adequate answer to programmes in the US, China and other parts of the world.

Against the background of one-sided import dependencies of individual countries and the EU, we must ensure that a relevant share of the most important technologies and resources for the energy transformation are made in Europe and are made resilient, i.e. to mitigate risks related to external shocks or upheavals in the social, economic, or political framework.

This can be achieved by measures aiming at the domestic resettlement and strengthening of producers of critical renewable energy and green hydrogen production technologies into the EU and by ensuring the resilience of their supply chains.

In parallel, established renewable energy industries such as the European hydropower sector need to be maintained and strengthened.

Based on the NZIA and CRMA, the new Commission should focus on the domestic production of renewable energy and green hydrogen production technologies (rather than nuclear and fossil Carbon Capture and Storage). However, for unavoidable

emissions, such as those stemming from certain hard-to-abate industries, we highly recommend the combination of renewable gas production with innovative Bioenergy with Carbon Capture Storage (BECCS) technologies, instead of supporting CCS for fossil energy. Further preference should be given for nature-based carbon sequestration solutions that enhance biodiversity and meet additional Sustainable Development Goals (SDG). This approach has great potential for achieving negative emissions.

Financial support for a domestic renewable energy industry

A dedicated source of funding (e.g. sovereignty fund) that helps achieving the NZIA objectives for renewable energy only should be made available to the private sector across the EU. These mechanisms must concern critical raw materials within the EU and thus help eliminating the weakest elements of the supply chains, as already foreseen by the Critical Raw Materials Act (CRMA). Furthermore, they need to target companies which are under pressure from subsidized international competitors but are vital for the manufacturing of renewable energy technologies and thus the resilience of EU economies.

Addressing skill requirements of the European work force

To address the substantial and presumably growing shortage of skilled workforce that prevents Europe from advancing the energy transition fast enough, reform measures should go beyond the NZIA provisions for skills development, which mainly consist of establishing Net-Zero Industry Academies. Those who wish to join the renewables transition should be encouraged and financially supported to bridge the gap between the skills sets they already have and the new skills which the industry needs, moreover in attaining the skill sets recognised experience should be included in the learning pathway. The EU must recognise professional qualifications faster and give easier access to regulated professions, promote cross-border training centres and cooperation among employment agencies, facilitate the integration of foreign work force, and unlock funding for skills development.

Skilled labour development and training could be an enormous asset in integrating immigrants in all parts of the European Union and thus enhance our democracies.

IV. Implementing a better Carbon Border Adjustment Mechanism (CBAM) and phasing out free Emissions Trading Scheme (ETS) allowances

CBAM

To further address carbon leakage challenges and accelerate industry decarbonization, the Commission must amend the Carbon Border Adjustment Mechanism (CBAM) without slowing down renewables deployment or harming supply chains and industries in Europe. This should be done to ensure fairness, minimize trade tensions, and incentivise non-European countries to adopt climate-friendly practices. The Commission should consider the CBAM to cover green hydrogen derivates/RFNBOs and if necessary readjust it in scope of reviewing the CBAM.

ETS and CO2 Pricing

The phase-out of free allowances in the Emissions Trading Scheme (ETS) is key for aligning the ETS with the 2040 targets. A revised ETS (one and two) should provide price signals to effectively foster and accelerate emissions reductions and speed-up renewable energy deployment, including through the earlier inclusion of transport and buildings into the EU ETS. Coordinated with phasing out free allowances and increasing the linear reduction factor, the CO2 prices should more accurately reflect the true costs of carbon emissions. Higher prices per ton of CO2 serve as meaningful incentives, bolstering companies' impetus to reduce and avoid emissions.

In the scope of the review of the EU ETS the Commission should include waste incineration in order to incentivize the transition of the chemical industry from fossil feedstocks towards renewable feedstock, such as recycling, bio-based feedstocks and green hydrogen derivates.

In parallel, the new Commission should improve regulation of sustainability and climate protection certificates so that they directly promote locally added value and prevent greenwashing by outsourcing CO2 emissions, including through standardisation, honesty tests and the exclusion of any anti-competitive effects resulting from uncontrolled interplay of subsidy schemes of different EU Member States.

V. Europe needs a swift reform of the Taxonomy system

Improve the current legislation on Taxonomy

During the review of the delegated acts, which define renewable fuels of non-biological origin (RFNBO), the Commission should undertake an impact assessment evaluating environmental (water, land, resources) and social impacts to consider additional criteria to mitigate identified risk and harms.

The EU Commission should critically review the temporal correlation condition in the delegated act for hydrogen derivatives (RFNBO). A monthly correlation instead of an hourly one sufficiently safeguards the temporal correlation.

All renewable technologies have to be included as sustainable technologies - with no exemption.

Europe needs to better clarify its approach to the so-called Green Asset Ratio. It should be a ratio quantifying EU Taxonomy-aligned assets as a percentage of total covered assets. In practice, it is difficult to determine the exact purpose and sustainability quality of a given loan. This should certainly be clarified and – at least as an option – be extended to smaller investments. Following existing liability regulation, shareholders should be informed and a statement to the market should be issued if a company invests more than 30% of its capital in fossil or nuclear sources or technologies in any one financial year.

The Taxonomy regulation's scope should be extended to several additional economic activities, and not be limited to companies that fall under the Non-Financial Reporting Directive (NFRD). Moreover, it should be aligned with the sectoral decarbonizations efforts. Therefore, all economic activities needs to be included to reach the sectoral goals.

Remove nuclear and fossil gas from sustainable technologies

Due to pressure from nuclear and gas interests all good intention was diluted, especially through the delegated acts issued by the EU Commission. We need a review of the current delegated acts, which have allowed non-renewable technologies (nuclear and gas) to sneak in as technologies which do no significant harm. This is far from any serious scientific facts and truth.

Especially, the second delegated act which classifies nuclear and fossil gas as sustainable technologies (!) must be revised at least to remove nuclear and fossil gas. The option of taking such a decision in a regular co-decision by the European Parliament and Council should be aimed at. Nuclear and fossil gas are not acceptable as elements of a green taxonomy, even if fossil gas may be needed for supply security in some countries for a limited time.