



To the attention of:

The Executive Vice-President Timmermans (for the EU Green Deal)

The Commissioner McGuinness (for Financial services, financial stability and Capital Markets Union)

The Commissioner Simson (for Energy)

Brussels, 23 December 2020

Dear Executive Vice-President Timmermans, Dear Commissioner McGuinness, Dear Commissioner Simson,

In a follow-up to our input to the public consultation on Sustainable Finance taxonomy we would like to bring our main concerns and recommendations directly to your attention.

The Commission should urgently address the issue of **exclusion of Direct Air Capture technology from the draft Delegated Regulation** establishing technical screening criteria of the EU sustainable finance taxonomy. We would like to urge the Commission to **reinstate the section covering Direct Air Capture (DAC) under chapter 5. Water, Sewerage, Waste and Remediation** in line with the recommendation of the final report by the EU Technical Expert Group (TEG) on Sustainable Finance from March 2020.¹ We are also calling for **recognition of development of BECCS and biochar as sustainable activities.**

-> Carbon removals are a key part of mitigation efforts: We fully support the analysis by TEG on the importance of contribution of Direct Air Capture, among other carbon removal technologies, towards the net-zero GHG emissions target by 2050. These findings are in line with the IPCC's 1.5 °C Report, the Commission's own 1.5 TECH scenario, the recent IEA's Energy Technology Perspectives, and many other energy transition modelling exercises.

-> Carbon removal technologies and solutions contribute to decarbonisation of other sectors: Alongside the role of Direct Air Capture with storage in permanent removal of CO₂ emissions, we need to underscore, too, a substantial contribution of air-captured CO₂ to de-fossilization of the hardest-to-abate sectors, in line with the Commission's initiative on Sustainable Aviation Fuels, and other sectoral initiatives on liquid and gaseous fuels or building materials where the origin of CO₂ as a feedstock (atmospheric vs. industrial) heavily influences the overall GHG-intensity of the production processes calculated on an LCA basis. Similarly, the bio-energy with CCS (BECCS) can help decarbonise power generation and the emission intensive industries, while the applications of biochar and olivine hold the potential to contribute to carbon removals in agriculture.

-> The EU's leadership in clean technology and climate action is at stake: The technologies that remove CO₂ from the atmosphere will provide a crucial waste management service in public interest of us all and the future generations. If we are to

¹ The EU Technical Expert Group on Sustainable Finance, Taxonomy report: Technical Annex, 2020 (p. 311)
<https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf>



avoid the worst effects of climate change this reality needs to be made clear by the policy makers towards the wider finance community through adoption of a holistic and Paris-aligned taxonomy. The UK and the US are rapidly advancing their regulatory and financing frameworks to enable market uptake of sufficiently mature technological carbon removals like DACCS and BECCS, and to support R&D&I of less mature promising removal solutions - the EU too needs to put in place the right tools to empower its innovators and investors in this global cleantech 'race to the top'.

-> The EU needs a workable portfolio of carbon removal technologies and solutions by 2030: The EU's contribution to global carbon removal efforts in the IPCC scenarios is calculated at 7.5 GtCO₂ by 2050, and 50 GtCO₂ by 2100 cumulatively. Comparison of the projected European contribution with the carbon removal potential of individual projects shows the scale of the challenge - Drax is a large bioenergy power plant (2.5 GW) in the UK, which aims to become the world's first large-scale BECCS plant by late 2020s by capturing 16 MtCO₂/year when fully retrofitted with CCS by 2034. In order for Europe to achieve its share of carbon removal target by 2050, more than 23 Drax plants need to come online by 2030. This rough calculation underscores the urgency to deploy a full portfolio of negative emissions technologies in the next decade - including DACCS, BECCS and other engineered, hybrid and nature-based approaches. This will not materialise without setting an enabling public and private finance framework in the early 2020s.

Therefore, we urge the Commission to **include the following section in the Delegated Regulation Annex 1 chapter 5, based on the previous TEG's analysis (with our additions in bold.)** In the absence of this, the flagship European carbon removal or carbon management projects, such as Orca² or Norsk e-fuel initiative³, would not be classified as sustainable by the finance community.

Section 5.9 Direct Air Capture (new)

² The world's biggest climate-positive direct air capture plant <<https://www.climeworks.com/orca-4000ton-dac-facility>>

³ Norsk e-fuel <<https://www.norsk-e-fuel.com/en/>>



NEGATIVE
EMISSIONS
PLATFORM

Sector classification and activity	
Macro-Sector	E - Water supply; sewerage; waste management and remediation activities
NACE Level	4
Code	E39.0.0
Description	Direct Air Capture of CO2
Mitigation criteria	
Principle	<ul style="list-style-type: none">• The activity provides substantial contribution to achieving net-zero GHG emissions target by 2050• The activity reduces net GHG emissions from economic activities and GHG concentrations in the atmosphere• The activity leads to significant emissions reductions compared to BAU• Ensure there is sufficient sequestration capacity available to meet the rate of capture of CO2• Emissions captured from Direct Air Capture cannot be attributed towards meeting the threshold of another economic activity in the Taxonomy.• The activity substantially contributes to mitigation either through permanent removal and storage of CO2 (waste disposal) or replacement of recycled industrial CO2 (waste re-use) with atmospheric CO2 (circular waste management/closing the carbon cycle)• Emissions captured from Direct Air Capture and destined for permanent sequestration fall under the applicable ISO standards on geological storage.• Emissions captured from Direct Air Capture and re-used in long-lived products or in synthetic fuels contribute towards meeting the thresholds of the secondary activity to the extent that they replace the use of industrial/point source CO2 and are measured in accordance with applicable tools, such as the GHG methodology for renewable fuels of non-biological origin under the delegated act of the REDII, or other LCA-based applicable methods in place, under development, or to be developed for the classification circular gaseous and liquid fuels based on renewable hydrogen and air-captured CO2.

-> **BECCS as well as production of biochar should be recognized as sustainable activities in the Taxonomy.** Bioenergy should not be considered as a Transitional Activity. A transitional activity is a temporary activity “when there is no technologically or economically feasible low-carbon alternative”. Bioenergy is seen as temporary “until other renewables can take over completely”, and as secondary to “true” low-carbon sources. This is in contradiction to the IPCC’s assessment of high potential for negative emissions through the application of BECCS. The currently proposed **Part 9.1 on the exception in research and development for Transitional Activities would hinder financing of important ongoing research on bioenergy.**

-> **Bioenergy from sustainable sources should not be considered as a Transitional Activity.** Sustainable bioenergy, fulfilling criteria in REDII, should be recognized as a renewable, non-fossil, carbon-neutral energy source with long-term relevance and as an important component in a future 100 % renewable energy system.

-> **Section 1.7. Improved forest management:** Detailed forest management plans are required. This will lead to an unreasonable high administrative burden for small forest owners that goes beyond the substantiality criteria in the REDII. REDII should be the leading steering regime for sustainable forest management and the Taxonomy should refer to the requirements of REDII.

-> **Sections 4.8/4.20/4.24:** The 80 % GHG savings criteria are, as opposed to REDII, also applied to existing plants, and the 20 MW threshold in REDII is not applied. This will require extensive increased reporting requirements for heating and cogeneration operations in Europe. The Taxonomy should not introduce new or other conditions than already stated in the REDII.

-> **Section 5.11. Transport of CO2:** Regarding carbon dioxide leakages, it must be clarified that the limit of 0.5 % only applies to fossil carbon dioxide, i.e. not to carbon dioxide with biogenic/atmospheric origin. Negative emissions independent of technology should be evaluated relative to carbon stored at storage point.



About us:

Negative Emissions Platform is a partnership of European and international actors working together towards a better political recognition of atmospheric carbon removal technologies and solutions. We represent technology developers, providers and sponsors.

Our main focus is on engineered and hybrid approaches with a potential for permanent removal of CO₂ - direct air capture and bio-energy with carbon capture and storage, enhanced weathering on land and in the oceans, biochar, soil carbon sequestration, mineralisation in building materials and the use of wood in lasting products and materials. We also actively promote the use of atmospheric CO₂ in e-fuels and various materials as a way of closing the carbon cycle, while delivering the economies of scale and cost reductions for atmospheric capture technologies.

In our vision the successful deployment of necessary carbon removals relies on three governance issues:

- Further research to explore the potential, R&D and investments needs, cost reductions forecasts, and co-benefits of all carbon removal methods.
- Separate targets, incentives and accounting for negative emissions in the 2020s to bring clarity about the needed scale of carbon removals by 2050.
- Financial and regulatory incentives in place in the 2020s to enable faster adoption and scale-up of atmospheric carbon removals throughout the 2030s and 2040s to deliver a Paris-aligned pathway.

To learn more about us consult: <https://www.negative-emissions.org/members>

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EU Transparency Register n°: 351267138656-84