

Opening Remarks

Germany has set itself ambitious targets for reducing greenhouse gas emissions in Germany and Europe. Limiting climate change is a key concern for the German government. We have set ourselves the goal of achieving climate neutrality in Germany by 2045 and want to a reliable and cost-efficient path. We will finally phase out nuclear power as early as early as 2022; the German government is working at the European and international level to ensure that nuclear power pays for the costs it incurs. By 2030 we will ideally phase out coal-fired power generation. To achieve our goal, we want to in particular to increase the share of renewables to 80% by 2030. The EU has also has set itself ambitious targets for greenhouse gas reductions, the expansion of renewable energies and energy efficiency, which are currently being updated in the "Fit for 55 package". For the transition to a climate-neutral, sustainable and clean economy, it is of central importance to invest private capital as efficiently as possible to economic activities that are aligned with ambitious sustainability goals. The German government therefore supports in principle the European Union's efforts for a sustainable financial economy. The development of an ambitious and practicable taxonomy as part of the "Action Plan for Financing Sustainable

Growth" of 2018 is an important transparency instrument for financial market players to create investment opportunities in sustainable economic activities and to identify investment identify. Our goal is also to promote transformation pathways for greater energy efficiency and towards more electricity generation from renewable energy sources. Any transition technology must be aligned with these goals and, in particular, must not stand in the way of the expansion or market access of renewable energies. In addition, it must also be ensured for transition technologies, that they are in line with the sustainability goals in order to avoid misinvestment. A low CO₂ intensity is not sufficient for classification as sustainable.

In the view of the German government, nuclear energy is not sustainable. We therefore reject its inclusion in the delegated act under the Taxonomy Regulation. Severe accidents with large-scale, and long-term hazards to people and the environment cannot be ruled out (so-called residual risk). Nuclear energy is expensive and the question of final storage has not been solved. Renewable energies require flexible plants that can be quickly ramped up or down, which nuclear power cannot provide. The longer nuclear power plants run, the greater the problem of nuclear waste. At the same time, the construction of new nuclear power plants does not offer a short-term option for phasing out coal, which is a particularly CO₂-intensive energy source, as the relevant approval and construction processes usually take decades. take decades. New reactor concepts such as Small Modular Reactors (SMRs) are also not fully, entail similar problems and therefore cannot be classified as sustainable. In the view of the German government, this also gives rise to legal reservations against the Delegated Act, since it is doubtful whether the inclusion of nuclear energy is compatible with the with the requirements of the Taxonomy Regulation. If risk costs were realistically taken into account (without state liability), no private money would be invested in nuclear power. Consumers in Germany and also in other European countries would reject the inclusion of nuclear power in the definition of sustainability, as this contradicts the prevailing understanding of sustainability.

The German government also points out that it is inconsistent for the delegated legal act rightly defines strict conditions for natural gas as a transitional technology and, for example, requires technical progress for natural gas as a transitional technology, while in the case of nuclear energy the current state of technology and the current legal situation are sufficient. Nor are there any requirements for protection against terrorist attacks or a specific end date for a decision on a final repository with verifiable intermediate steps. In addition, it is not apparent to the German government how a nuclear power plant built after 2035, given the usual construction and licensing times, can contribute to achieving the 2050 EU climate targets.

In view of the ambitious climate targets, it is essential to push ahead with the phase-out of all fossil fuels. For this reason, the German government also believes that the use of natural gas is not sustainable in the long term. However, for the German government, fossil in ultra-modern and efficient gas-fired power plants for a limited transitional period - until the switch to an energy sector based on renewable energies to enable the rapid phase-out of coal and thus achieve CO₂ savings in the short term and to accompany the ramp-up of renewables - is the only option. Crucial to its classification as a transition technology is that gas-fired power plants can facilitate the rapid transition to renewable energies and the reduction of emissions in the energy sector as a whole, complement rather than displace renewables, and convert transition to hydrogen in a timely manner. A clearly outlined innovation pathway for gas-fired power plants toward energy generation from renewable, sustainably produced energy sources, such as above all green hydrogen, has been mapped out. To make rapid progress here, the necessary investments to upgrade the energy system must be initiated today. This is in line with climate targets. Gas-fired power plants that are hydrogen-ready and therefore can be operated entirely with renewable hydrogen, offer the opportunity for a short-term switch to sustainable energy production with renewable energy sources. It is therefore crucial for the European reduction targets, also while maintaining security of supply, are based on renewable gas-fired power plants under strict but realistically achievable criteria.

To achieve this, improvements to the technical criteria set out in the draft are in detail below.

1. Annual emission budgets should also be defined for cogeneration plants and district heating should be defined. The Commission is asked to set realistic values for this.
2. The intermediate steps required for the fuel switch with blending rates for decarbonized gases of 30% by 2026 and 55% by 2030 cannot realistically be achieved. In the market ramp-up phase with scarce availabilities, the intermediate steps could facilitate the switch to renewable hydrogen in other sectors (esp. industry). Therefore, intermediate steps and the fuel switch should be flexibly enabled from 2036 onwards. In any case, the fuel switch requirements should be understood as guideline values, which should be evaluated in consideration of the actual available quantity of corresponding fuels. This should be clearly stated in the text, also to ensure that liability for this condition, which cannot be influenced by the power plant operator, is excluded.

3. Requirements under the "do no significant harm" (DNSH) principle must be consistent with the requirements for classification as a transitional technology and be consistent with the system under incorporating stringent emission limits and budgets. They must not be more stringent than the benchmarks for a significant contribution. Therefore, at a minimum, the annual budgets applied to a significant contribution should be supplemented. In addition, a point in time should also be for a 100% fuel switch should be defined. For the design of the requirements it is also important to note that the DNSH principle goes beyond the taxonomy and its various other EU legal acts, such as in particular the climate, environmental and energy aid guidelines, and thus also be consistent with the resulting requirements for the energy system.
4. Similarly, the rules that apply to the replacement of power plants must be designed in such a way that they do not impede the transformation of the energy system. To this end, they should be sufficiently flexible. It should also be made clear that the replacement and the 15% capacity increase refers to the retired capacity in a member state, not to individual plants and sites. The replacement of existing power plants should also be possible with several new plants and at several locations. It should also be possible to replace old gas-fired power plants with modern, hydrogen-ready plants. The commitment to a greenhouse gas reduction of 55% is unrealistic in this context. The Commission should therefore set realistic values for the replacement of old gas-fired power plants with new ones.
5. The construction and expansion of district heating networks, e.g., to replace oil and gas heating systems in individual households, is an important instrument for the transition to a climate-neutral and sustainable heating sector. Therefore, the replacement rule for district heating should be eliminated or at least an appropriate increase in capacity should be provided, as a comparison to existing plants is not adequate. In addition to disclosure obligations for companies, the rapid establishment of full transparency for investors in financial products is indispensable and would have to be anchored in the relevant existing regulations on sustainable investments in order to enable private actors on the financial market to make an informed decision about the scope and object of their investments.

In view of the very fundamental and political importance of the issues addressed here, to the German government, a proper legislative process and public consultation would have been appropriate, as this consultation would have ensured that the member states and the European Parliament would have been ensured.

Technical Annex

Nuclear Power

Residual risk

Nuclear power is a high-risk technology with an unavoidable residual risk of severe accidents with significant radiological consequences, including transboundary ones; terrorist attacks cannot be ruled out either. These consequences may include immediate, widespread hazards to life and health within Europe, as well as far-reaching economic and psychosocial effects.

The regulations referred to in the draft Delegated Act are intended to prevent major accidents as far as possible, or at least to limit their effects, but they can never rule them out. The Chernobyl and Fukushima have clearly demonstrated the inevitability of severe accidents. The risk potential of this type of power generation makes a holistic view of the potential effects indispensable.

Lifetime extensions

The draft Delegated Act also includes the continued operation of existing nuclear power plants and their lifetime extensions. Most of the nuclear power plants currently operating in the EU are over 30 years old; originally, the plants were designed to operate for 30-40 years. However, due to the structural conditions, among other things, safety-related retrofits are only possible to a limited extent. Also, aging and embrittlement of materials with lifetimes beyond the design operating life raise increasing questions.

Interim and final storage

Even in the case of interim storage of radioactive waste, in the sense of residual risk, the possibility of incidents and accidents as well as other interventions by third parties (e.g. terrorist attacks) cannot be excluded. As in the case of nuclear power plants, the draft does not address this issue. With regard to the problem of final storage, it should be noted that radioactive waste from the use of nuclear power cannot be prevented, but that disposal option for high-level radioactive waste does not yet exist. This situation can also explain the requirement in the draft delegated act that national plans for the operation of such a repository must be in place by 2050. In addition, there is as yet no empirical long-term experience in the field of final disposal of low- and intermediate-level radioactive waste; there is also negative operational experience. In addition, there is a lack of any operationalization of the repository plan: for example, there is a lack of intermediate steps that will be reviewed by the commission. Also, unspecified remains the requirement that a "radioactive waste management fund" and a "nuclear decommissioning fund" must be set up in order to be able to dismantle the nuclear power plant at the end of its operating life. It also remains open how the fulfillment of this requirement is to be verified, apart from the general requirement to report on it every five years.

(This text was translated using DeepL.)